

INSTRUCTION SHEET

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TRANSCRIPT OF PROCEEDINGS

RELATING TO

**\$34,910,000
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2019A**

Delivery: August 29, 2019



**TRANSCRIPT OF PROCEEDINGS
RELATING TO
\$34,910,000
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2019A
Dated August 15, 2019**

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CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
 §
COUNTIES OF DALLAS, §
ELLIS AND TARRANT §
 §
CITY OF GRAND PRAIRIE §

I, the undersigned, City Secretary of the City of Grand Prairie, Texas, DO HEREBY CERTIFY as follows:

1. That on the 18th day of June, 2019, a regular meeting of the City Council (the "Council") of the City of Grand Prairie, Texas (the "City"), was held at a meeting place within the City; the duly constituted members of the Council being as follows:

RON JENSEN)	MAYOR
JEFF COPELAND)	MAYOR PRO TEM
GREG GIESSNER)	DEPUTY MAYOR PRO TEM
JORJA CLEMSON)	
JIM SWAFFORD)	
MIKE DEL BOSQUE)	COUNCILMEMBERS
RICHARD FREGOE)	
COLE HUMPHREYS)	
JEFF WOOLDRIDGE)	

and all of said persons were present at said meeting, except the following: none. Among other business considered at said meeting, the attached resolution entitled:

"RESOLUTION NO. 5027-2019

A RESOLUTION OF THE CITY OF GRAND PRAIRIE, TEXAS APPROVING AND AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A"

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the resolution, and upon a motion being made and seconded, the resolution was finally passed and adopted by the Council to be effective immediately, by the following vote:

9 voted "For" 0 voted "Against" 0 Abstained

all as shown in the official minutes of the Council for the meeting held on the aforesaid date.

2. That the attached resolution is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the aforesaid meeting are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of the meeting was given to each member of the Council; and that said meeting and the deliberation of the aforesaid public business was open to the public and written notice of said meeting, including the subject of the above entitled resolution, was posted and given in advance thereof in compliance with the provisions of Texas Government Code, Chapter 551, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of said City, this the 18th day of June, 2019.

Catherine E. Di Maggio
City Secretary
City of Grand Prairie, Texas



RESOLUTION NO. 5027-2019

A RESOLUTION OF THE CITY OF GRAND PRAIRIE, TEXAS APPROVING AND AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A

WHEREAS, the City Council of the City of Grand Prairie, Texas (the “City”), has determined that certificates of obligation should be issued under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended, for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith; and

WHEREAS, prior to the issuance of such certificates, the City Council is required to publish notice of its intention to issue the same in a newspaper of general circulation in the City, said notice stating (i) the time and place the City Council tentatively proposes to pass the ordinance authorizing the issuance of the certificates, (ii) the maximum amount proposed to be issued, (iii) the purposes for which the certificates are to be issued and (iv) the manner in which the City Council proposes to pay the certificates;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS:

SECTION 1: That the City Secretary is hereby authorized and directed to cause notice to be published of the City Council’s intention to issue certificates of obligation, in one or more series, in the principal amount not to exceed FORTY-EIGHT MILLION DOLLARS (\$48,000,000) for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith; such certificates to be payable from ad valorem taxes and a limited pledge of the net revenues of the City’s Water and Wastewater System. The notice hereby approved and authorized to be published shall read substantially in the form and content of **Exhibit A** hereto attached and incorporated herein by reference as a part of this resolution for all purposes.

SECTION 2: That the City Secretary shall cause the notice described above to be published in a newspaper of general circulation in the City, once a week for two consecutive weeks, the date of the first publication to be at least thirty-one (31) days prior to the date stated therein for the passage of the ordinance authorizing the issuance of the certificates of obligation.

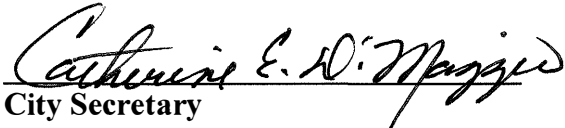
**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE,
TEXAS, ON THIS THE 18th DAY OF JUNE 2019.**

APPROVED:



Ron Jensen, Mayor

ATTEST:


Catherine E. O'Malley
City Secretary

APPROVED AS TO FORM:


Megan Mahan
City Attorney

NOTICE OF INTENTION TO ISSUE
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A

TAKE NOTICE that the City Council of the City of Grand Prairie, Texas, shall convene at 6:30 p.m. on August 6, 2019, at the City Council chambers located at 317 West College, Grand Prairie, Texas, and, during such meeting, the City Council will consider the passage of an ordinance authorizing the issuance of certificates of obligation, in one or more series, in an amount not to exceed FORTY-EIGHT MILLION DOLLARS (\$48,000,000) for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, such certificates to be payable from ad valorem taxes and a limited pledge of the net revenues of the City's Water and Wastewater System. The certificates are to be issued, and this notice is given, under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended.

/s/ Catherine E. DiMaggio
Catherine E. DiMaggio, City Secretary
City of Grand Prairie, Texas

AFFIDAVIT OF PUBLICATION

THE STATE OF TEXAS
COUNTY OF TARRANT

§
§
§

BEFORE ME, the undersigned authority on this day personally appeared Victoria Rodela of the *Fort Worth Star-Telegram*, who, being by me duly sworn, upon oath deposes and says:

That the attached "NOTICE OF INTENTION TO ISSUE CITY OF GRAND PRAIRIE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION 2019A" was published in the *Fort Worth Star-Telegram*, a newspaper of general circulation in the City of Grand Prairie, Texas, in its issues of

Sunday, June 23, 2019; and

Sunday, June 30, 2019;

and said newspaper is a newspaper that complies with the provisions of Section 2051.044, Texas Government Code, in that it:

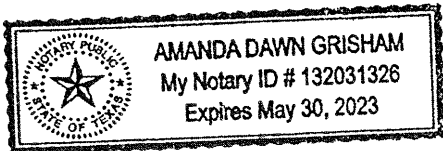
- (1) devotes not less than twenty-five percent (25%) of its total column lineage to items of general interest,
- (2) is published not less frequently than once each week,
- (3) is entered as second-class postal matter in the county where published and
- (4) has been published regularly and continuously for at least twelve (12) months before the date of the first publication of the "NOTICE OF INTENTION TO ISSUE CITY OF GRAND PRAIRIE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION 2019A" referenced above.

Victoria Rodela
Title: Principal Clerk

July SWORN TO AND SUBSCRIBED BEFORE ME, this the 9 day of _____, 2019.

A Grisham
Notary Public, State of Texas

(Notary Seal)



NOTICE OF INTENTION TO ISSUE
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION,
SERIES 2019A

TAKE NOTICE that the City Council of the City of Grand Prairie, Texas, shall convene at 6:30 p.m. on August 6, 2019, at the City Council chambers located at 317 West College, Grand Prairie, Texas, and, during such meeting, the City Council will consider the passage of an ordinance authorizing the issuance of certificates of obligation, in one or more series, in an amount not to exceed FORTY-EIGHT MILLION DOLLARS (\$48,000,000) for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, such certificates to be payable from ad valorem taxes and a limited pledge of the net revenues of the City's Water and Wastewater System. The certificates are to be issued, and this notice is given, under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended.

/S/ CATHERINE E. DIMAGGIO
Catherine E. DiMaggio, City Secretary
City of Grand Prairie, Texas

legals & public notices**NOTICE OF INTENTION TO ISSUE
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION,
SERIES 2019A**

TAKE NOTICE that the City Council of the City of Grand Prairie, Texas, shall convene at 6:30 p.m. on August 6, 2019, at the City Council chambers located at 317 West College, Grand Prairie, Texas, and, during such meeting, the City Council will consider the passage of an ordinance authorizing the issuance of certificates of obligation, in one or more series, in an amount not to exceed FORTY-EIGHT MILLION DOLLARS (\$48,000,000) for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, such certificates to be payable from ad valorem taxes and a limited pledge of the net revenues of the City's Water and Wastewater System. The certificates are to be issued, and this notice is given, under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended.

/S/ CATHERINE E. DIMAGGIO
Catherine E. DiMaggio, City Secretary
City of Grand Prairie, Texas

CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
 §
COUNTIES OF DALLAS, §
ELLIS AND TARRANT §
 §
CITY OF GRAND PRAIRIE §

I, the undersigned, City Secretary of the City of Grand Prairie, Texas, DO HEREBY CERTIFY as follows:

1. That on the 6th day of August, 2019 a regular meeting of the City Council (the "Council") of the City of Grand Prairie, Texas (the "City"), was held at a meeting place within the City; the duly constituted members of the Council being as follows:

RON JENSEN)	MAYOR
GREG GIESSNER)	MAYOR PRO TEM
JORJA CLEMSON)	DEPUTY MAYOR PRO TEM
JIM SWAFFORD)	
MIKE DEL BOSQUE)	
JOHN LOPEZ)	COUNCILMEMBERS
COLE HUMPHREYS)	
JEFF WOOLDRIDGE)	
JEFF COPELAND)	

and all of said persons were present at said meeting, except the following: none. Among other business considered at said meeting, the attached ordinance entitled:

"ORDINANCE NO. 10678-2019

AN ORDINANCE authorizing the issuance of "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues of the City's combined water and wastewater system; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement and the approval and distribution of a Preliminary Official Statement and an Official Statement pertaining thereto; and providing an effective date."

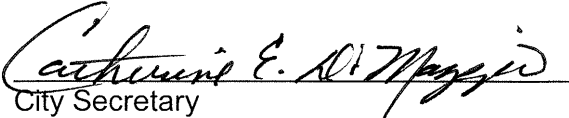
was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the ordinance, and upon a motion being made and seconded, the ordinance was finally passed and adopted by the Council to be effective immediately, in accordance with the provisions of Texas Government Code, Section 1201.028, as amended, by the following vote:

 9 voted "For" 0 voted "Against" 0 abstained

all as shown in the official minutes of the Council for the meeting held on the aforesaid date.

2. That the attached ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the aforesaid meeting are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of the meeting was given to each member of the Council; and that said meeting and the deliberation of the aforesaid public business was open to the public and written notice of said meeting, including the subject of the above entitled ordinance, was posted and given in advance thereof in compliance with the provisions of Chapter 551, Texas Government Code, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of said City, this the 6th day of August, 2019.


Catherine E. Al-Magid
City Secretary
City of Grand Prairie, Texas



ORDINANCE NO. 10678-2019

AN ORDINANCE authorizing the issuance of "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A" providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues of the City's combined water and wastewater system; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Agreement and the approval and distribution of a Preliminary Official Statement and an Official Statement pertaining thereto; and providing an effective date.

WHEREAS, notice of the City Council's intention to issue certificates of obligation in the maximum principal amount of \$48,000,000 for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, has been duly published in the *Fort Worth Star-Telegram*, a newspaper of general circulation in the City of Grand Prairie, Texas on June 23, 2019, and June 30, 2019, the date the first publication of such notice being not less than thirty-one (31) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates; and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary on or prior to the date of the passage of this Ordinance; and

WHEREAS, the City Council hereby finds and determines that \$34,910,000 principal amount of the certificates of obligation described in such notice should be authorized at this time; now, therefore,

BE ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS:

SECTION 1. Authorization - Designation - Principal Amount - Purpose. Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$34,910,000, to be designated and bear the title "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks,

entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, all in accordance with the authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 2. Fully Registered Obligations - Certificate Date - Authorized Denominations - Stated Maturities - Interest Rates. The Certificates are issuable in fully registered form only, shall be dated August 15, 2019 (the “Certificate Date”), and shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and the Certificates shall become due and payable on February 15 in each of the years and in principal amounts (the “Stated Maturities”) and bear interest at the per annum rate(s) in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2020	1,800,000	4.000
2021	1,815,000	4.000
2022	1,880,000	4.000
2023	675,000	2.000
2023	1,275,000	4.000
2024	300,000	2.000
2024	1,735,000	5.000
2025	1,285,000	5.000
2026	200,000	2.000
2026	1,150,000	5.000
2027	1,315,000	5.000
2028	1,380,000	5.000
2029	1,455,000	5.000
2030	1,525,000	5.000
2031	1,605,000	5.000
2032	1,680,000	4.000
2033	1,745,000	4.000
2034	1,820,000	4.000
2035	1,895,000	4.000
2036	1,970,000	4.000
2037	2,050,000	4.000
2038	2,135,000	4.000
2039	2,220,000	4.000

The Certificates shall bear interest on the unpaid principal amount thereof from the date of the initial delivery of the Certificates at the per annum rates shown above (calculated on the basis of a 360-day year of twelve 30-day months) and shall be payable on August 15 and February 15 in each year until maturity or prior redemption, commencing February 15, 2020.

SECTION 3. Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Certificates, due by reason of maturity, redemption or otherwise,

shall be payable only to the registered owners or holders of the Certificates (the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar. Such payments shall be payable, without exchange or collection charges, to the Holder in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The selection and appointment of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its assigns to serve as Paying Agent/Registrar (the "Paying Agent/Registrar") for the Certificates is hereby approved and confirmed. The City agrees and covenants to cause to be kept and maintained at the Designated Payment/Transfer Office (defined below) of the Paying Agent/Registrar, books and records relating to the registration, payment, and transfer of the Certificates (the "Security Register"), all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as **Exhibit A** and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid and discharged; and, any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution, or other entity duly qualified and legally authorized to act as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice of the change to be sent to each registered owner of the Certificates by United States mail, first-class postage prepaid; and such notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Certificates, shall be payable at the Stated Maturities or on a date of earlier redemption thereof only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices, initially in East Syracuse, New York, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). The Paying Agent/Registrar shall pay interest on the Certificates only to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding the interest payment date) and shall pay either by: (1) check sent by United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder at the Holder's risk and expense. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the books of

the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4. Redemption.

(a) **Optional Redemption.** The Certificates having Stated Maturities on and after February 15, 2029 shall be subject to redemption prior to maturity, at the option of the City on February 15, 2028, or any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar) at the redemption price of par, together with interest accrued to the redemption date.

(b) **Exercise of Redemption Option.** Not less than forty-five (45) days prior to an optional redemption date for the Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of: (1) the decision to redeem Certificates, (2) the principal amount of each Stated Maturity to be redeemed, and (3) the date of redemption.

(c) **Selection of Certificates for Redemption.** If less than all Outstanding Certificates of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Certificates as representing the number of Certificates Outstanding, which is obtained by dividing the principal amount of such Certificates by \$5,000, and shall select by lot the Certificates to be redeemed within such Stated Maturity.

(d) **Notice of Redemption.** Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall: (1) specify the date of redemption for the Certificates, (2) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (3) state the redemption price, (4) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (5) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the specified redemption date; provided moneys sufficient for the payment of such Certificate (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) **Conditional Notice of Redemption.** With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior

to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

SECTION 5. Registration - Transfer - Exchange of Certificates - Predecessor Certificates. A Security Register relating to the registration, payment, and transfer or exchange of the Certificates shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar and at a place within the State of Texas, and the Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Certificates issued under and pursuant to the provisions of this Ordinance. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon the surrender for transfer of any Certificate (other than the Initial Certificate(s) authorized in Section 8 hereof) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates (other than the Initial Certificate(s) authorized in Section 8 hereof) may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest, and of like aggregate principal amount as the Certificates surrendered for exchange upon the surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered in such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates canceled by reason of an exchange or transfer under this Section are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer. Additionally, the term "Predecessor Certificates" shall include any Certificate registered and delivered pursuant to Section 23 hereof in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate called for redemption in part.

SECTION 6. Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3, 4 and 5 relating to the payment, and transfer/exchange of the Certificates, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representations by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Certificates shall be deposited with DTC who shall hold said Certificates for its participants (the "DTC Participants"). While the Certificates are held by DTC under the Depository Agreement, the Holder of the Certificates on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Certificate (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Certificates or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Certificates, the City covenants and agrees with the Holders of the Certificates to cause Certificates to be printed in definitive form and issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Certificates in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Certificates shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

SECTION 7. Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signatures of said officers and the seal of the City on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of said individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Certificates to the initial purchaser(s), and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially as set forth in the form of the Initial Certificate(s) provided in Section 9C, manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially as set forth in the form of the definitive Certificates provided in Section 9D, manually executed by an authorized officer, employee, or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered, and delivered.

SECTION 8. Initial Certificate(s). The Certificates herein authorized shall be initially issued either as (i) a single fully registered certificate in the total principal amount of this series with principal installments to become due and payable as provided in Section 2 and numbered T-1 or, alternatively, (ii) as one certificate for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Certificate(s)") and, in either case, the Initial Certificate(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Certificate(s) shall be the Certificate(s) submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Certificate(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Certificate(s) delivered hereunder and exchange therefor definitive Certificates of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9. Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration of the Paying Agent/Registrar, and the form of Assignment to be printed on the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Certificates, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or be determined by the officers executing such Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference to such a portion on the face of the Certificate.

The definitive Certificates shall be printed, lithographed, engraved or produced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution thereof, but the Initial Certificate(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

The City may provide (i) for issuance of one fully registered Certificate for the Stated Maturity in the aggregate principal amount of such Stated Maturity and (ii) for registration of such

Certificate in the name of a securities depository, or the nominee thereof. While any Certificate is registered in the name of a securities depository or its nominee, references herein and in the Certificates to the holder or owner of such Certificate shall mean the securities depository or its nominee and shall not mean any other person.

B. Form of Single Initial Certificate.

REGISTERED
NO. T-1

REGISTERED
\$34,910,000

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2019A

Certificate Date: August 15, 2019

Registered Owner: STIFEL, NICOLAUS & COMPANY, INCORPORATED

Principal Amount: THIRTY FOUR MILLION NINE HUNDRED TEN THOUSAND DOLLARS

The City of Grand Prairie (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Dallas, Ellis and Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated, on February 15 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS (\$)</u>	<u>INTEREST RATE (%)</u>
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(Information to be inserted from Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the date of the initial delivery of the Certificates at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 15 and February 15 of each year until maturity or prior redemption, commencing February 15, 2020. Principal installments of this Certificate are payable on the Stated Maturity dates or on a redemption date to the registered owner hereof by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices, initially in East Syracuse, New York, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest shall be payable to the registered owner of this Certificate whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding the interest payment date hereof and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the

registered owner. All payments of principal of, premium, if any, and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is issued in the aggregate principal amount of \$34,910,000 for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after February 15, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2028, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Certificate to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date; provided,

however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

This Certificate is payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and is additionally payable from and secured by a lien on and limited pledge of the Net Revenues of the City's combined water and wastewater system (the "System"), as provided in the Ordinance. In the Ordinance, the City reserves and retains the right to issue Additional Certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the principal offices of the Paying Agent/Registrar, and to all of the provisions of which the registered owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificate; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on this Certificate; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the principal offices of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to the payment of the interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to the payment of the principal hereof at its Stated Maturity, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for

such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a limited pledge of and lien on the Net Revenues of the System as stated above. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF GRAND PRAIRIE, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

C. Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Certificate(s) Only.

REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
 §

OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

REGISTER NO. _____

I HEREBY CERTIFY that this Certificate has been examined, certified as to validity, approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(Seal)

D. Form of Registration Certificate of Paying Agent/Registrar to Appear on Definitive Certificates Only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Certificate has been duly issued and registered under the provisions of the within - mentioned Ordinance; the certificate or certificates of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The office of the Paying Agent/Registrar in East Syracuse, New York, is the Designated Payment/Transfer Office for this Certificate.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Dallas, Texas
as Paying Agent/Registrar

Registered this date:

By: _____
Authorized Signature

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) _____

(Social Security or other identifying number: _____)

)
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular.

F. Form of Definitive Certificates.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2019A

Certificate Date:
August 15, 2019

Interest Rate:
_____ %

Stated Maturity:
February 15, 20__

CUSIP NO.

Registered Owner:

Principal Amount:

DOLLARS

The City of Grand Prairie (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Dallas, Ellis and Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount stated above from the interest payment date next preceding the "Registration Date" of this Certificate appearing below (unless this Certificate bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Certificate is prior to the initial interest payment date in which case it shall bear interest from the date of the initial delivery of the Certificates) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 15 and February 15 in each year until maturity or prior redemption, commencing February 15, 2020. Principal of this Certificate shall be payable at its Stated Maturity or on a redemption date to the Registered Owner hereof upon presentation and surrender at the designated offices of the Paying Agent/Registrar executing the registration certificate appearing hereon, initially in East Syracuse, New York, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest shall be payable to the registered owner of this Certificate (or of one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last

business day of the month next preceding the interest payment date and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the registered owner, recorded in the Security Register or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. All payments of principal of, premium, if any, and interest on this Certificate shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$34,910,000 (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an ordinance adopted by the governing body of the City (hereinafter referred to as the "Ordinance").

The Certificates maturing on and after February 15, 2029, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2028, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first-class postage prepaid, to the registered owners of each Certificate to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

In the event a portion of the principal amount of a Certificate is to be redeemed and the registered owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of

such Certificate to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Certificate or Certificates of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the registered owner, without charge. If a Certificate is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer such Certificate to an assignee of the registered owner within forty-five (45) days of the redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance of a Certificate redeemed in part.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and limited pledge of the Net Revenues of the City's combined water and wastewater system (the "System"), as provided in the Ordinance. In the Ordinance, the City reserves and retains the right to issue Additional Certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the principal offices of the Paying Agent/Registrar, and to all of the provisions of which the registered owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding; and, for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the principal offices of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to the payment of the interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to the payment of the principal hereof at its Stated Maturity, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened, and have been performed in regular and due time, form, and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates by the levy of a tax and a limited pledge of and lien on the Net Revenues of the System as stated above. In case any provision in this Certificate or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF GRAND PRAIRIE, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

SECTION 10. Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Pledged Revenues therefor, the following definitions are provided:

(a) The term “Additional Certificates” shall mean combination tax and revenue certificates of obligation hereafter issued under and pursuant to the provisions of Subchapter C of Chapter 271 of the Texas Local Government Code, as amended, or any similar law hereafter enacted, and payable from ad valorem taxes and additionally payable from and secured by a lien on and pledge of the Net Revenues as provided in Section 13 hereof.

(b) The term “Certificates” shall mean the “City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A” authorized by this Ordinance.

(c) The term “Certificate Account” shall mean the special account created and established under the provisions of Section 11 of this Ordinance.

(d) The term “Collection Date” shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(e) The term “Fiscal Year” shall mean the twelve month operating period ending on September 30th of each year unless otherwise designated by the City.

(f) The term “Government Securities” shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

(g) The term “Net Revenues” shall mean all income, revenues and receipts of every nature derived from and received by virtue of the operation of the System (including interest income and earnings received from the investment of moneys in the special funds or accounts created by this ordinance or ordinances authorizing the issuance of additional bonds), after deducting and paying, and making provision for the payment of, current expenses of maintenance and operation thereof, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such expenses for repairs and extensions as in the judgment of the City Council, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from Net Revenues of the System shall be deducted in determining “Net Revenues.” Contractual payments for the purchase of water or the treatment of sewage shall be maintenance and operating expenses of the System to the extent provided in the contract incurred therefor and as may be authorized by statute. Depreciation shall never be considered as an expense of operation and maintenance.

(h) The term “Outstanding” when used in this Ordinance with respect to Certificates means, as of the date of determination, all Certificates theretofore issued and delivered under this Ordinance, except:

(1) those Certificates theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 25 hereof by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and for which (i) replacement Certificates have been registered and delivered in lieu thereof or (ii) have been paid, all as provided in Section 23 hereof.

(i) The term “Pledged Revenues” shall mean an amount of Net Revenues not in excess of \$2,500 as provided in Section 13 hereof.

(j) The term “Prior Lien Obligations” shall mean all bonds or other obligations now outstanding and hereafter issued that are payable from and secured by a lien on and pledge of all or any part of the Net Revenues of the System, including but not limited to, the unpaid bonds or other obligations of the following issues or series:

- (1) City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2010, dated July 1, 2010;
- (2) City of Grand Prairie, Texas, Water and Wastewater System Revenue Refunding Bonds, New Series 2011, dated February 1, 2011;
- (3) City of Grand Prairie, Texas, Water and Wastewater System Refunding and Improvement Bonds, New Series 2011A, dated November 1, 2011;
- (4) City of Grand Prairie, Texas, Water and Wastewater System Revenue Refunding Bonds, New Series 2013, dated April 1, 2013;
- (5) City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2014, dated April 1, 2014;
- (6) City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2015, dated November 1, 2015;
- (7) City of Grand Prairie, Texas, Water and Wastewater System Revenue Refunding and Improvement Bonds, New Series 2016, dated November 1, 2016;
- (8) City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2017, dated April 1, 2017;
- (9) City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2017A, dated October 15, 2017; and

- (10) City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2019, dated July 1, 2019;

and (i) all bonds hereafter issued to refund any part of the aforesaid bonds or other obligations listed in this definition if the same are made payable from and secured by a lien on and pledge of the Net Revenues of the System and (ii) any obligations hereafter issued on a parity (insofar as the revenues of the System are concerned) with such Prior Lien Obligations or refunding bonds issued to refund such obligations if the same are made payable from and secured by a lien on and pledge of the Net Revenues of the System.

(k) The term "System" shall mean the City's existing combined water and wastewater systems, including all properties (real, personal or mixed and tangible or intangible) owned, operated, maintained and vested in the City for the supply, treatment and distribution of treated water for domestic, commercial, industrial and other uses, and the collection and treatment of water carried wastes, and future additions, extensions, replacements and improvements thereto.

SECTION 11. Certificate Account. For the purpose of paying the interest on and to provide a sinking fund for the payment and retirement of the Certificates, there shall be and is hereby created a special fund or account to be designated "SPECIAL 2019A COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION ACCOUNT" (the "Certificate Account"), which fund or account shall be maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds, and moneys deposited in said fund or account shall be used for no other purpose. The Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer and City Secretary, any one or more of said officials of the City, are hereby authorized and directed to make withdrawals from said fund or account sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Account (on or prior to a principal and/or interest payment date) an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Account may, at the option of the City, be invested in investments authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, and the City's investment policy; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from said Account will be available at the proper time or times. All interest and income derived from deposits and investments in the Certificate Account shall be credited to, and any losses debited to, such account. All investments in the Certificate Account shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 12. Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied, within the limitations prescribed by law, for the current year and each succeeding year thereafter while said Certificates or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Account. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing

and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

Prior to the date the City Council establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the City Council shall determine:

(1) The amount on deposit in the Certificate Account after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Net Revenues of the System appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.

(2) The amount of Pledged Revenues and any other lawfully available revenues which are appropriated and to be set aside during such fiscal year for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding fiscal year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 13. Pledge of Revenues. The City hereby covenants and agrees that, subject to the prior lien on and pledge of the Net Revenues to the payment and security of the Prior Lien Obligations, the Pledged Revenues (within the limitation of a total amount of \$2,500) are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates and the pledge of Pledged Revenues herein made for the payment of the Certificates, shall constitute a lien on the Pledged Revenues until such time as the City shall pay all of such \$2,500, after which time the pledge shall cease, all in accordance with the terms and provisions hereof and be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Pledged Revenues, the filing of this Ordinance or any other act; all as provided in Texas Government Code, Chapter 1208, as amended ("Chapter 1208").

Chapter 1208 applies to the issuance of the Certificates and the pledge of the Pledged Revenues of the System granted by the City under this Section 13, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Pledged Revenues of the System granted by the City under this Section 13 is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the

applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 14. Revenue Fund. The City hereby covenants and agrees that all revenues derived from the operation of the System shall be kept separate and apart from all other funds, accounts, and moneys of the City, and shall be deposited as collected into the "City of Grand Prairie, Texas, Water and Wastewater System Revenue Fund" (heretofore created and established in the connection with the issuance of outstanding Prior Lien Obligations and hereinafter called the "Revenue Fund"). All moneys deposited in the Revenue Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of the reasonable and proper Maintenance and Operation Expenses of the System as defined herein or required by statute or ordinances authorizing the Prior Lien Obligations to be a first charge on and claim against the revenues of the System.

Second: To the payment of all amounts required to be deposited in the special funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

Third: To the payment of the limited amounts required to be deposited in the special funds and accounts created and established for the payment of the Certificates (the Certificate Account), the proposed "City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2019B" to be issued concurrently with the Certificates (the "Taxable Series 2019B Certificates") and Additional Certificates.

Any Net Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

SECTION 15. Deposits to Certificate Account. The City agrees to cause to be deposited in the Certificate Account prior to a principal and interest payment date for the Certificates from the Pledged Revenues in the Revenue Fund, after the deduction of all payments required to be made to the special Funds or accounts created for the payment and security of the Prior Lien Obligations, or from ad valorem taxes or other lawfully available funds, as applicable, any amounts budgeted to be paid from the Certificate Account in such Fiscal Year.

SECTION 16. Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 17. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Account, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, any Holder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of

the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 18. Special Covenants. The City hereby covenants as follows:

(i) That it has the lawful power to pledge the Pledged Revenues supporting this issue of Certificates and has lawfully exercised said powers under the Constitution and laws of the State of Texas, including said power existing under Texas Local Government Code, Subchapter C of Chapter 271, as amended, and Texas Government Code, Chapter 1502, as amended.

(ii) That other than for the payment of the outstanding Prior Lien Obligations, the Certificates and the Taxable Series 2019B Certificates, the Net Revenues are not pledged to the payment of any debt or obligation of the City or of the System.

(iii) That, as long as any Certificates or any interest thereon remain Outstanding, and the pledge of the Pledged Revenues has not been fully satisfied, the City will not sell, lease, or encumber the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(iv) The City recognizes that the purchasers and owners of the Certificates will have accepted them on, and paid a price which reflects, the understanding that interest thereon is excludable from federal income taxation under laws in force at the time the Certificates shall have been delivered. In this connection the City covenants to take no action or fail to take any action, which action or failure to act may render the interest on any of such Certificates subject to federal income taxation, particularly pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), nor shall the City take any action or fail to take any action, which action or failure to act, would have the effect of causing the income derived by the City from the System to become subject to federal income taxation in the hands of the City, whether or not provision shall have been made for the payment of such Certificates.

SECTION 19. Issuance of Additional Certificates. The City hereby expressly reserves the right to hereafter issue Prior Lien Obligations and Additional Certificates without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise.

Additional Prior Lien Obligations and Additional Certificates, if issued, may be payable, in whole or in part, from Net Revenues (without impairment of the obligation of contract with the holders of Certificates) upon such terms and conditions as the City Council may determine. Additional Certificates, if issued and payable, in whole or in part, from Pledged Revenues (as defined in the same or similar terms as the term Pledged Revenues is defined in this Ordinance), shall not in any event be construed as payable from the Pledged Revenues required by this

Ordinance to be budgeted and appropriated for the payment of the Certificates and interest thereon.

That it is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations.

SECTION 20. Sale of Certificates – Execution of Purchase Agreement - Official Statement. The Certificates authorized by this Ordinance are hereby sold by the City in a negotiated sale to Stifel, Nicolaus & Company, Incorporated, BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (collectively, the “Purchasers”) in accordance with the Certificate Purchase Agreement, dated August 6, 2019 (the “Purchase Agreement”), attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, and the City has determined and does determine that the terms of such Purchase Agreement are in the City’s best interests. The Mayor or Mayor Pro Tem are hereby authorized and directed to execute said Purchase Agreement for and on behalf of the City and as the act and deed of the City Council, and in regard to the approval and execution of the Purchase Agreement, the City Council hereby finds, determines, and declares that the representations, warranties, and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement in connection with the public offering and sale of the Certificates is hereby ratified, confirmed and approved in all respects. The final Official Statement reflecting the terms of sale (together with such changes approved by the Mayor, Chief Financial Officer or the City Manager, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated August 6, 2019, in the offering, sale and delivery of the Certificates to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such Official Statement in the final form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 21. Notices to Owners - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given; and, such waiver shall be the

equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 22. Cancellation. All Certificates surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it; and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 23. Mutilated, Destroyed, Lost, and Stolen Certificates. If (a) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (b) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate under this Section, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Certificates.

SECTION 24. Covenants to Maintain Tax-Exempt Status of Interest on the Certificates.

(a) **Definitions.** When used in this Section, the following terms shall have the following meanings:

“*Closing Date*” means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Certificate to become includable in the gross income, as defined in Section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Certificates:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Certificates directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Certificates.

(f) Not Federally Guaranteed. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Certificates to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in Section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Certificate is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Certificates with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Certificates by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Account or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

(j) **Elections.** The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager and Chief Financial Officer, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Certificates, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

SECTION 25. Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Net Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (a) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (b) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, upon the City's request, the Paying Agent/Registrar shall remit to the city along with a written receipt, any moneys deposited and held in trust by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates which remain unclaimed for a period of three (3) years after being so deposited and held on the Stated Maturity or applicable redemption date on the Certificates. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 26. Proceeds of Sale. The proceeds of sale of the Certificates, excluding the amounts to pay costs of issuance, shall be deposited in a construction fund maintained at the City's depository bank. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including guaranteed investment contracts permitted by Texas Government Code, Section 2256.015 et seq., and the City's investment policies and guidelines, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. All surplus proceeds of sale of the Certificates, including investment earnings,

remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 27. Ordinance a Contract - Amendments. The provisions of this Ordinance shall constitute a contract with the Holders; and, the City shall not amend or repeal any of the provisions of this Ordinance so long as any Certificate remains Outstanding except as permitted in this Section and Section 28 hereof. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, with the written consent of the registered owner or owners holding a majority in aggregate principal amount of the Certificates then Outstanding affected thereby, the City may amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all registered owners of Outstanding Certificates, no such amendment, addition or rescission shall: (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates; (2) give any preference to any Certificate over any other Certificate; or, (3) reduce the aggregate principal amount of Certificates required for consent to any such amendment, addition or rescission.

SECTION 28. Continuing Disclosure Undertaking.

(a) **Definitions.** As used in this Section, the following terms have the meanings ascribed to such terms below:

“*Financial Obligation*” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Rule*” means SEC Rule 15c2-12, as amended from time to time.

“*SEC*” means the United States Securities and Exchange Commission.

(b) **Annual Reports.**

The City will provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 5 and 7 through 14 of the Official Statement and (2) within twelve months after the end of each fiscal period ending in or after 2019, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B of the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within twelve months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

The financial information and operating data to be provided may be set forth in one or more documents or may be included by specific reference to any document available to the public on the MSRB's website or filed with the SEC as permitted by SEC Rule 15c2-12.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) Notice of Certain Events.

The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of holders of the Certificates, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in item 12 of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City and (b) the City intends the words used in the immediately preceding items 15 and 16 and the definition of Financial Obligation in this Section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such Section.

(d) Filings with the MSRB.

All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) of this Section of any Certificate calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 29. Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchasers.

SECTION 30. Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Chief Financial Officer and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Certificates. In addition, prior to the initial delivery of the Certificates, the City Manager, Mayor, Chief Financial Officer or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificates by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the

delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 31. Bond Counsel's Opinion. The Purchasers' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel to the City, approving such Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Certificates. A true and correct reproduction of said opinion is hereby authorized to be printed on the definitive Certificates or an executed counterpart thereof shall accompany the global Certificates deposited with DTC.

SECTION 32. CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 33. Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance. This Ordinance in its entirety is intended to be and is for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Holders.

SECTION 34. Inconsistent Provisions. Except as provided in Section 19 hereof, all ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 35. Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 36. Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 37. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 38. Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 39. Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 40. Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time,

place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551 of the Texas Government Code, as amended.

SECTION 41. Effective Date. This Ordinance shall take effect and be in force from and after its passage and approval in accordance with the provisions of Texas Government Code, Section 1201.028, as amended.

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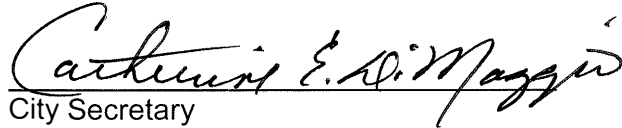
PASSED AND APPROVED, this the 6th day of August, 2019.

CITY OF GRAND PRAIRIE, TEXAS



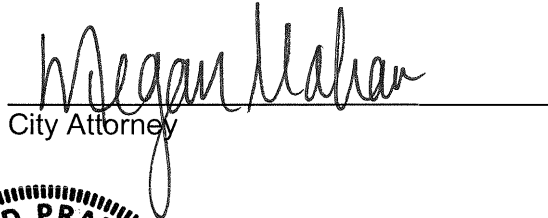
Mayor

ATTEST:



City Secretary

APPROVED:



City Attorney



EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

[See Tab 4 of Transcript of Proceedings]

EXHIBIT B
PURCHASE AGREEMENT

[See Tab 5 of Transcript of Proceedings]

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of August 6, 2019 (this "Agreement"), by and between The Bank of New York Mellon Trust Company, N.A., a banking association duly organized and existing under the laws of the United States of America (the "Bank") and the City of Grand Prairie, Texas (the "Issuer"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A" (the "Securities"), dated August 15, 2019, such Securities scheduled to be delivered to the initial purchasers thereof on or about November 19, 2019; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in **Annex A** attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Acceleration Date” on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

“Authorizing Document” means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

“Bank Office” means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Financial Advisor” means Hilltop Securities Inc.

“Holder” and “Security Holder” each means the Person in whose name a Security is registered in the Security Register.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

“Predecessor Securities” of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

“Responsible Officer”, when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Security Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

“Stated Maturity” means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms “Bank,” “Issuer,” and “Securities (Security)” have the meanings assigned to them in the recital paragraphs of this Agreement.

The term “Paying Agent/Registrar” refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

<u>First Class/Registered/Certified</u>	<u>Express Delivery/Courier</u>	<u>By Hand Only</u>
The Bank of New York Mellon Trust Company, N.A. Global Corporate Trust P.O. Box 396 East Syracuse, NY 13057	The Bank of New York Mellon Trust Company, N.A. Global Corporate Trust 111 Sanders Creek Pkwy. East Syracuse, NY 13057	The Bank of New York Mellon Trust Company, N.A. Global Corporate Trust Corporate Trust Window 101 Barclay Street, 1st Floor East New York, NY 10286

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder’s risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the “Security Register”) for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other

information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, such written instrument to be in a form satisfactory to the Bank and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, destroyed, lost or stolen.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality

of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, the Financial Advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

In the event the Bank becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law, agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses, and attorney fees suffered or incurred by the Bank as a result. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Dallas, Texas.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07 Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12 Iran, Sudan or Foreign Terrorist Organizations. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 6.13 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: Kayshelle Lewis

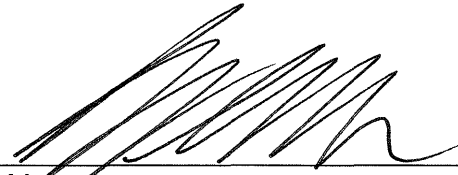
Title: Associate

Attest:

Address: 2001 Bryan Street, 10th Floor
Dallas, Texas 75201

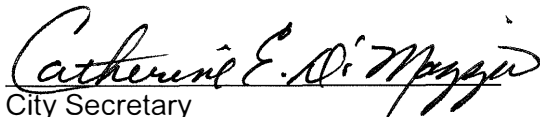
Dana Brown
Title: Associate

CITY OF GRAND PRAIRIE, TEXAS

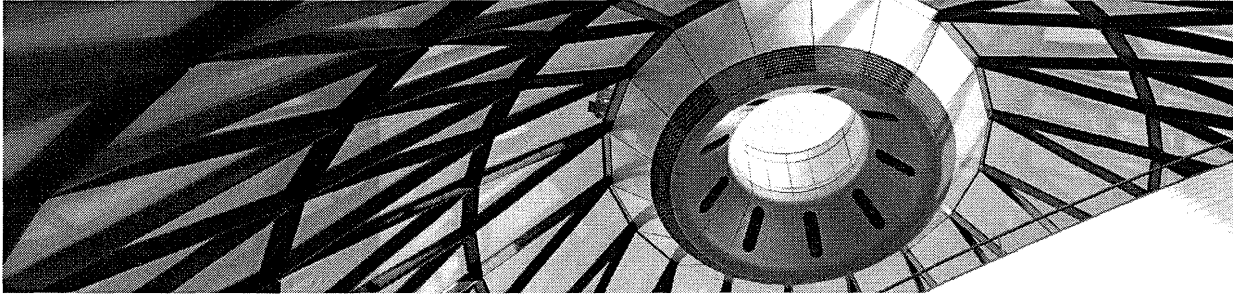
By: 
Mayor

Address: 317 College St.
Grand Prairie, Texas 75050

Attest:


Catherine E. Di Maggio
City Secretary

ANNEX A



City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A

June 14, 2019

Presented By:

BNY Mellon Corporate Trust

Fee Schedule for the following:

- Paying Agency
- Registrar



BNY MELLON

Fee Schedule

Subject to the Terms and Disclosures below, upon appointment of The Bank of New York Mellon Trust Company, N.A. (“BNYM” or “us” or “affiliates” or “subsidiaries”) in the roles as outlined within this Fee Schedule (this “Fee Schedule”), City of Grand Prairie, Texas (“Client”) shall be responsible for the payment of the fees, expenses and charges as set forth herein. Fees are payable or accrue at the time of the execution of the governing documents (the “Transaction Documents”) in connection with the closing of the transaction (the “Transaction”) which is the subject of this Fee Schedule.

General Fees

Acceptance Fee	\$0
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The Transaction Acceptance Fee is payable at the time of the execution of the governing documents in connection with the closing of the transaction which is the subject of this Agreement (the “Transaction”), and compensates BNYM for the following: review of all supporting documents, initial establishment of the required accounts and Know Your Client checks.

Annual Paying Agent Fee	\$750
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An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. This fee is payable annually, in advance.

Extraordinary Services/Miscellaneous Fees
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The charges may be hourly or fixed for performing extraordinary or other services not contemplated at the time of the execution of the Transaction Documents or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon’s sole discretion. If it is contemplated that BNY Mellon hold/and or value collateral, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. If all outstanding bonds of a series are defeased or redeemed, or BNY Mellon is removed as paying agent prior to the maturity of the bonds, a termination fee may be assessed at that time.

Miscellaneous fees and expenses may include, but are not necessarily limited to supplemental agreements, tender processing, the preparation and distribution of sinking fund redemption notices, optional redemptions, failed remarketing processing, preparation of special or interim reports, UCC filing fees, auditor confirmation fees, wire transfer fees, Letter of Credit drawdown fees, transaction fees to settle third-party trades, and reconciliation fees to balance trust account balances to third-party investment provider statements. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed. FDIC or other governmental charges will be passed along as incurred. Reimbursement will be required for any out-of-pocket expenses and will be invoiced to the Client at cost.

Negative Interest Rates – Charges

With respect to any funds invested by BNYM in connection with the Transaction, if: (i) any recognized overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority is negative or zero; or (ii) any market counterparty or other institution applies a negative interest rate or any related charge to any account or balance of BNYM or any account or balance opened for You by BNYM, BNYM may apply a charge to any of Your accounts or balances. BNYM will give You prompt written notice of the application of any such charges. You acknowledge and agree that the application of such a charge by BNYM may cause the effective interest rate applicable to Your account or balance to be negative, notwithstanding that one or more of the rates set by third parties specified in clauses (i) and (ii) above may be positive.

PRIVATE AND CONFIDENTIAL

The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. This document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. Client shall not use BNY Mellon’s name or trademarks without its prior written permission.

Terms and Disclosures

General

BNYM's final acceptance of its appointment pursuant to the Transaction Documents is subject to the full review and approval of all related documentation and standard Know Your Client procedures. In the event that this Transaction does not proceed with BNYM in the roles contemplated by this Fee Schedule and the Transaction Documents, Client will be responsible for payment of any external counsel fees and expenses and out-of-pocket expenses which BNYM may have incurred up to and including the termination date.

Client shall be responsible for filing any applicable information returns with the U.S. Department of Treasury, Internal Revenue Service in connection with payments made by BNYM to vendors who have not performed services for BNYM's benefit under the various bond or note issuances or other undertakings contemplated by this Fee Schedule.

The Bank of New York Mellon Corporation is a global financial organization that operates in and provides services and products to clients through its affiliates and subsidiaries located in multiple jurisdictions (the "BNY Mellon Group"). The BNY Mellon Group may (i) centralize in one or more affiliates and subsidiaries certain activities (the "Centralized Functions"), including audit, accounting, administration, risk management, legal, compliance, sales, product communication, relationship management, and the compilation and analysis of information and data regarding Client (which, for purposes of this provision, includes the name and business contact information for Client employees and representatives) and the accounts established pursuant to the Transaction Documents ("Client Information") and (ii) use third party service providers to store, maintain and process Client Information ("Outsourced Functions"). Notwithstanding anything to the contrary contained elsewhere in this Fee Schedule or the Transaction Documents and solely in connection with the Centralized Functions and/or Outsourced Functions, Client consents to the disclosure of, and authorizes BNY Mellon to disclose, Client Information to (i) other members of the BNY Mellon Group (and their respective officers, directors and employees) and to (ii) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Client Information. In addition, the BNY Mellon Group may aggregate Client Information with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Client Information with Client specifically. Client represents that it is authorized to consent to the foregoing and that the disclosure of Client Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. Client also consents to the disclosure of Client Information to governmental and regulatory authorities in jurisdictions where the BNY Mellon Group operates and otherwise as required by law.

Client agrees that BNYM shall have no obligation to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties as paying agent or registrar in connection with the Transaction, or in the exercise of any of its rights or powers in connection therewith, if it shall have reasonable grounds for believing that repayment of such funds is not assured to it. Client agrees to reimburse BNYM for extraordinary expenses incurred by it in connection with the Transaction to the extent permitted by law.

Please note the fees quoted in this Fee Schedule are based upon the information available at the present time. Further quotes may be provided once the structure of the deal has been finalized. Annual Fees cover a period of one year and any portion thereof and are not subject to pro-rata. Fees may be subject to adjustment during the life of the engagement.

Advance Fees

BNYM requires that Client agree to the fees quoted in this Fee Schedule prior to the commencement of any work or the provision of any services by BNYM in relation to the Transaction. In the event that BNYM provides any services to Client prior to your agreement to the fees quoted herein, the commencement of such work or the provision of such services shall not be deemed to constitute a waiver of the fees listed in this Fee Schedule. BNYM reserves the right to cease providing services until such time as Client agrees to the fees quoted herein. BNYM reserves the right to request that any and all fees due and payable pursuant to this Fee Schedule and related in any way to the Transaction are paid in advance (either in whole or in part) prior to the provision of any services.

PRIVATE AND CONFIDENTIAL

The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. This document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. Client shall not use BNY Mellon's name or trademarks without its prior written permission.

Acceptance/Revocation of Offer

You may agree to the fees quoted herein by (i) executing this Fee Schedule and returning it to us, (ii) closing the Transaction, or (iii) instructing us or continuing to instruct us after receipt of this Fee Schedule. Upon the earlier to occur of (i), (ii) and (iii), the fees quoted herein shall be deemed accepted by you. If you agree to the fees quoted herein, the terms of this Fee Schedule shall supersede any prior fees quoted with respect to the Transaction. BNYM may revoke the terms of this Fee Schedule if the Transaction does not close within three months from the date of this Fee Schedule. Should the Transaction fail to close for any reason, a termination fee equal to BNYM's Acceptance Fee, any external counsel fees, expenses and disbursements and all out-of-pocket expenses will apply.

Confidential Information

Except as otherwise provided by law, all information provided to Client by BNYM must remain confidential and may not be intentionally disclosed, reproduced, copied, published, or displayed in any form to any third party without BNYM's prior written approval.

Client Notice Required By the USA Patriot Act

To help the U.S. government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify and record information that identifies each person (whether an individual or organization) for which a relationship is established. When Client establishes a relationship with BNYM, we will ask Client to provide certain information (and documents) that will help us to identify Client. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us identify Client. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

PRIVATE AND CONFIDENTIAL

The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. This document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. Client shall not use BNY Mellon's name or trademarks without its prior written permission.

CITY OF GRAND PRAIRIE, TEXAS

\$34,910,000

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2019A**

CERTIFICATE PURCHASE AGREEMENT

August 6, 2019

City of Grand Prairie, Texas
317 College Street
Grand Prairie, Texas 75050

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated on behalf of itself and as representative (the “Representative”) of BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (collectively, with the Representative, the “Underwriters”), hereby offers to enter into this Certificate Purchase Agreement (this “Purchase Agreement”) with the City of Grand Prairie, Texas, a political subdivision and home rule municipal corporation of the State of Texas (the “Issuer”), whereby the Underwriters will purchase and the Issuer will sell the Certificates (as defined and described below). The Underwriters are making this offer subject to the acceptance by the Issuer at or before 5:00 P.M., Central Time, on the date hereof. If the Issuer accepts this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriters. The Underwriters may withdraw this Purchase Agreement upon written notice delivered by the Representative to the Chief Financial Officer of the Issuer at any time before the Issuer accepts this Purchase Agreement. Terms used but not defined in this Purchase Agreement are defined in the Authorizing Ordinance (as defined below).

1. PURCHASE AND SALE.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the following certificates: Combination Tax and Revenue Certificates of Obligation, Series 2019A (the “Certificates”), at the purchase price of \$40,058,518.17, representing the aggregate principal amount of the Certificates less an Underwriters’ discount of \$183,545.83 plus original issue premium of \$5,332,064.00. The Underwriters intend to make an initial bona fide public offering of the Certificates at a price or prices described in Schedule I hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Certificates (but in all cases subject to the requirements of Section 5 hereof), and may offer and sell the Certificates to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to the requirements of Section 5 hereof). The Issuer acknowledges and agrees that: (i) the

Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriters and the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

Each of the Underwriters represents that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to Subsection (c)(4) thereof. Accordingly, such Underwriters are not required to file a Form 1295.

Each of the Underwriters hereby verifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Purchase Agreement is a contract for goods or services, will not boycott Israel during the term of this Purchase Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Each of the Underwriters understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

Each of the Underwriters represents that neither it nor any of its parent company, wholly or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes each Underwriter and each of its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Each of the Underwriters understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

2. GOOD FAITH CHECK.

Delivered to the Issuer herewith is a corporate check or checks payable to its order in the amount of \$358,000 for the Certificates (the “Good Faith Check”). If the Issuer does not accept this offer, the Issuer shall promptly return the Good Faith Check to the Representative. If it accepts this offer, the Issuer agrees to hold the Good Faith Check uncashed until the Closing. At the Closing and upon the delivery of the Certificates, the Issuer shall return the Good Faith Check to the Representative and the Underwriters shall pay the Issuer the entire purchase price of the Certificates. If the Issuer fails to deliver the Certificates at the Closing, or if the Issuer shall be unable to satisfy the conditions of the obligations of the Underwriters set forth in this Purchase Agreement (unless waived by the Underwriters), or if the obligations of the Underwriters shall be terminated for any reason permitted by this Purchase Agreement, the Issuer shall promptly return the Good Faith Check to the Representative and such return shall constitute a full release and discharge of all claims and rights hereunder of the Underwriters against the Issuer. If the Underwriters fail (other than for a reason permitted herein) to accept delivery of and to pay for the Certificates at the Closing as herein provided, the Issuer shall cash the Good Faith Check and retain the amount thereof as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, except as set forth in this Section and Section 9 hereof, neither party shall have any further rights against the other hereunder. No interest shall be paid by the Issuer upon the principal amount of the Good Faith Check.

3. DESCRIPTION AND PURPOSE OF THE CERTIFICATES.

The Certificates have been authorized pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended (the “Act”) and an Ordinance, adopted by the City Council of the Issuer on August 6, 2019 (the “Authorizing Ordinance”). The Certificates shall be dated August 15, 2019. The Certificates shall be issued and secured under and pursuant to the Authorizing Ordinance.

The proceeds of the sale of the Certificates will be used for the purposes of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

The Certificates will be secured under the provisions of the Act and the Authorizing Ordinance. The Certificates shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in Schedule I attached hereto. The Authorized Denominations, Record Dates, Interest Payment Dates, Sinking Fund Payment Dates, and other details and particulars of the Certificates shall be as described in the Authorizing Ordinance and the Official Statement.

4. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriters copies of the Preliminary Official Statement dated July 31, 2019, which, including the cover page and all appendices thereto, is herein referred to as the “Preliminary Official Statement.” It is acknowledged by the Issuer that the Underwriters may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriters a final Official Statement relating to the Certificates dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Bond Counsel, Disclosure Counsel and the Representative, is referred to herein as the “Official Statement”) and such additional conformed copies thereof as the Representative may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the Municipal Securities Rulemaking Board (“MSRB”) and to meet potential customer requests for copies of the Official Statement. The Underwriters agree to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access (“EMMA”) system. The Official Statement shall be executed by and on behalf of the Issuer by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. The Issuer hereby agrees to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (“SEC”) including in a word-searchable pdf format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriters before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriters of the Official Statement and the Authorizing Ordinance in connection with the public offering and sale of the Certificates.

(c) In order to assist the Underwriters in complying with Rule 15c2-12, the Issuer has undertaken in the Authorizing Ordinance to provide annual financial information and notices of the occurrence of specified events. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

5. ESTABLISHMENT OF ISSUE PRICE.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Issuer in establishing the issue price of the Certificates and shall execute and deliver to the Issuer at Closing

an “issue price” or similar certificate, substantially in the form attached hereto as Exhibit A, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates. All actions to be taken by the Issuer under this section to establish the issue price of the Certificates may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(b) The Issuer represents that it will treat the first price at which 10% of each maturity of the Certificates (the “10% Test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). If, as of the date hereof, the 10% Test has not been satisfied as to any maturity of the Certificates for which the Issuer has elected to utilize the 10% Test, the Representative agrees to promptly report to the Issuer the prices at which Certificates of that maturity or maturities have been sold by the Underwriters to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% Test has been satisfied as to the Certificates of that maturity or maturities or all Certificates of the maturity have been sold.

(c) The Representative confirms that the Underwriters have offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Such Schedule I also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the 10% Test has not been satisfied and for which the Issuer and the Representative, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriters will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(d) The Representative confirms that:

- (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A) (i) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it until either all Certificates of that maturity allocated to it have been sold or it is notified by the Representative that the 10% Test has been satisfied as to the Certificates of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and
 - (B) to promptly notify the Representative of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below),
 - (C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.
- (ii) any agreement among underwriters and any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it until either all Certificates of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter that the 10% Test has been satisfied as to the Certificates of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

The Issuer acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to comply with its agreement regarding the hold-the-offering-price rule, if

applicable to the Certificates, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(e) The Underwriters acknowledge that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public),
- (iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS. The Issuer represents and warrants, as of the date hereof and as of the Closing Date, to and covenants and agrees with the Underwriters that:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to issue, sell and deliver the Certificates to the Underwriters pursuant to the Authorizing Ordinance, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Authorizing Ordinance, and the Certificates (collectively, the “Legal

Documents”) and to perform and consummate all obligations and transactions required or contemplated by each of the Legal Documents and the Official Statement.

(b) The Authorizing Ordinance approving and authorizing the execution and delivery by the Issuer of the Legal Documents and the offering, issuance and sale of the Certificates upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the City Council of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Authorizing Ordinance and the Certificates conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement and the Certificates, when duly issued and authenticated in accordance with the Authorizing Ordinance and delivered to the Underwriters as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Authorizing Ordinance and payable from the sources therein specified.

(d) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Legal Documents. Each of the Legal Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted. Each of the Legal Documents has been executed and delivered, or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State of Texas or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Authorizing Ordinance, the issuance, delivery and sale of the Certificates and the execution and delivery of the Legal Documents and compliance with and performance of the Issuer’s obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Legal Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term “Material Judgment or Agreement” means any judgment or decree or any loan agreement, indenture, bond, note or ordinance or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Authorizing Ordinance and the Legal Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to the performance by the Issuer of its obligations hereunder and under the Legal Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Certificates for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the Issuer and delivered to the Underwriters pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.

(h) Between the date hereof and the time of the Closing, the Issuer shall not, without the prior written consent of the Representative, offer or issue in any material amount any bonds, certificates, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the Issuer as of September 30, 2018 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Representative, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since September 30, 2018 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (excluding therefrom the information under the captions “THE OBLIGATIONS – Book-Entry-Only System” and “OTHER INFORMATION – Underwriters of the Obligations”, as to which no representations or warranties are made), as of its date and as of the date hereof did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement (excluding therefrom the information under the captions “THE OBLIGATIONS – Book-Entry-Only System” and “OTHER INFORMATION – Underwriters of the Obligations”, as to which no representations or warranties are made), as of its date and at all times after the date of the Official Statement up to and including the Closing Date, will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the “end of the underwriting period” (as defined in Rule 15c2-12), the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact

necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date hereof and the end of the underwriting period, any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Issuer shall notify the Representative thereof, and if, in the opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Representative.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Certificates, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Certificates, (ii) in any way contesting or affecting any authority for the issuance of the Certificates or the validity or binding effect of any of the Legal Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Authorizing Ordinance or the Act or any provision thereof or the application of the proceeds of the Certificates, (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Legal Documents. The Issuer shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Certificates.

(o) During the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) The Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

(q) The Issuer will take such actions between the date of this Agreement and the Closing as are reasonably necessary to cause the representations and warranties contained in this Purchase Agreement to be true as of the Closing.

(r) The Issuer shall promptly notify the Representative of any fact that might, in the reasonable judgment of the Issuer, cast doubt upon or question the ability of the Issuer to issue, sell and deliver the Certificates as provided in this Purchase Agreement.

All representations, warranties, covenants and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Certificates.

7. CLOSING.

At 10:00 A.M., Central Time, on August 29, 2019, or at such other time or date as the Representative and the Issuer may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriters, at the offices of Norton Rose Fulbright US LLP ("Bond Counsel"), 2200 Ross Avenue, Suite 3600, Dallas, TX 75201, or at such other place as the Representative and the Issuer may mutually agree upon, the Certificates, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 8. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriters shall accept the delivery of the Certificates, and pay the purchase price therefor in federal funds payable to the order of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Certificates to the Underwriters through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Representative at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Certificates shall be made available to the Underwriters at least one (1) business day before the Closing Date for purposes of inspection. CUSIP identification numbers will be placed on the Certificates, but the Issuer will have no responsibility for the accuracy of such numbers.

8. CONDITIONS PRECEDENT.

The Underwriters have entered into this Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Authorizing Ordinance and the Legal Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative.

(c) The Issuer shall perform or have performed all of its obligations required under or specified in the Authorizing Ordinance, the Legal Documents, and the Official Statement to be performed at or prior to the Closing.

(d) The Issuer shall have delivered to the Underwriters final Official Statements by the time, and in the numbers, required by Section 4 of this Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Legal Documents and the Official Statement shall have been taken and shall

be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Act, the Authorizing Ordinance, the Legal Documents as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Representative materially impairs the investment quality of the Certificates.

(g) At or prior to the Closing, the Representative shall receive the following documents (in each case with only such changes as the Representative shall approve):

- (i) The approving opinion of the State Attorney General and registration certificate of the State Comptroller of Public Accounts with respect to the Certificates;
- (ii) The approving opinion of Bond Counsel relating to the Certificates, dated the Closing Date, substantially in the form attached as Appendix C to the Official Statement, and, if not otherwise directly addressed to the Underwriters, a reliance letter with respect thereto addressed to the Underwriters;
- (iii) The supplemental opinion of Bond Counsel, addressed to the Underwriters, dated the Closing Date, to the effect that:
 - (A) this Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of Texas;
 - (B) the Authorizing Ordinance has been duly adopted by the Issuer and is in full force and effect;
 - (C) the information contained in the Preliminary Official Statement and the Official Statement under the captions and subcaptions "PLAN OF FINANCING", "THE OBLIGATIONS" (except for the information under the subcaptions "Book-Entry-Only System," "Obligationholders' Remedies" and the last sentence under "Tax Rate Limitations"), "TAX MATTERS – THE OBLIGATIONS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "Registration and Qualification of Obligations for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Opinions" (except for the last sentence of the first paragraph thereof)

under the caption “OTHER INFORMATION” in the Official Statement is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the provisions of the Authorizing Ordinance; and

- (D) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended (the “1933 Act”) and the Authorizing Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”);
- (iv) An opinion, dated the Closing Date and addressed to the Issuer, from West & Associates L.L.P., Disclosure Counsel, to the effect that:
- (A) The Certificates are exempt from the registration requirements of the 1933 Act and the Authorizing Ordinance is exempt from qualification under the Trust Indenture Act; and
 - (B) Based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to their attention which would lead them to believe that the Preliminary Official Statement, as of its date and as of the date hereof, did not and does not, and the Official Statement as of its date and all times subsequent thereto during the period up to and including the Closing Date, does not and will not, contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect;
- (v) The letter of Locke Lord LLP, counsel to the Underwriters (“Underwriters’ Counsel”), dated the Closing Date and addressed to the Underwriters, substantially in the form attached hereto as Exhibit B;
- (vi) A certificate, dated the Closing Date, signed by an authorized representative of the Issuer to the effect that: (A) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (B) the Legal Documents have been duly authorized and executed and are in full force and effect; (C) except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of

the Certificates, (ii) in any way contesting or affecting any authority for the issuance of the Certificates or the validity of the Certificates, the Authorizing Ordinance or any Legal Document, (iii) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Certificates, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document; and (D) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official Statement under the captions “THE OBLIGATIONS – Book-Entry-Only System” and “OTHER INFORMATION – Underwriters of the Obligations”;

- (vii) A certificate, dated the Closing Date, signed by the Chief Financial Officer of the Issuer, in form and substance satisfactory to the Representative, to the effect that (A) the financial statements of the Issuer as of September 30, 2018 fairly represents the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth and (B) except as disclosed in the Preliminary Official Statement and the Official Statement, since September 30, 2018, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since September 30, 2018, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;
- (viii) An executed or certified copy of the Authorizing Ordinance;
- (ix) Executed or certified copies of each other Legal Document;
- (x) A Tax Certificate of the Issuer, in form satisfactory to Bond Counsel, executed by such officials of the Issuer as shall be satisfactory to the Representative;
- (xi) Evidence satisfactory to the Representative of the assignment of ratings assigned to the Certificates by S&P Global Ratings, a division of S&P Global Inc. and Fitch Ratings, Inc. of “AAA” with a stable outlook and “AA+” with a positive outlook, respectively;

- (xii) Evidence that a Form 8038-G relating to the Certificates has been executed by the Issuer and will be filed with the Internal Revenue Service (the “IRS”) within the applicable time limit;
- (xiii) A copy of the Issuer’s executed Blanket Letter of Representation to The Depository Trust Company; and
- (xiv) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative, Underwriters’ Counsel or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Certificates pursuant to the Authorizing Ordinance shall have been fulfilled.

9. TERMINATION.

If the Issuer shall be unable to satisfy the conditions of the Underwriters’ obligations contained in this Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Representative to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriters may be waived by the Representative.

(a) The Underwriters shall also have the right, before the time of Closing, to cancel their obligations to purchase the Certificates, by written notice by the Representative to the Issuer, if between the date hereof and the time of Closing:

- (i) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or
- (ii) The market for the Certificates or the market prices of the Certificates or the ability of the Underwriters to enforce contracts for the sale of the Certificates shall have been materially and adversely affected, in the professional judgment of the Representative, by:
 - (A) An amendment to the Constitution of the United States or the State of Texas shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have

been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of Texas or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of Texas authority, with respect to federal or State of Texas taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Certificates which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Certificates) or the interest thereon; or

- (B) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or
- (C) The declaration of a general banking moratorium by federal, New York or Texas authorities; or
- (D) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

- (E) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or
 - (F) The general suspension of trading on any national securities exchange; or
- (iii) Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Certificates, other securities of the Issuer or obligations of the general character of the Certificates are not exempt from registration under the 1933 Act, or that the Authorizing Ordinance are not exempt from qualification under the Trust Indenture Act; or
 - (iv) Any change in or particularly affecting the Issuer, the Act, the Authorizing Ordinance, the Legal Documents or the net revenues of the Issuer's water and wastewater system as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Certificates; or
 - (v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or
 - (vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Certificates, or the execution and delivery of any Legal Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

- (vii) Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur; or
- (viii) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Certificates, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Authorizing Ordinance, the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents; or
- (ix) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Certificates: the ratings assigned by S&P Global Ratings, a division of S&P Global Inc. and Fitch Ratings, Inc. of “AAA” with a stable outlook and “AA+” with a positive outlook, respectively.

10. AMENDMENTS TO OFFICIAL STATEMENT.

During the period commencing on the Closing Date and ending twenty-five (25) days from the end of the underwriting period, the Issuer shall advise the Representative if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the information contained in the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or “potential customer” (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the “underwriting period” (as defined in Rule 15c2-12), the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and shall amend or supplement the Official Statement (in form and substance satisfactory to Underwriters’ Counsel) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

11. EXPENSES.

All expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Certificates to the Underwriters, including the costs of printing or reproduction of the Certificates, the Legal Documents and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Paying Agent/Registrar, fees and expenses of counsel to the Issuer, Bond Counsel and Disclosure Counsel, shall be paid by the Issuer from the proceeds of the Certificates or other revenues of the Issuer. The Issuer shall be solely responsible for and shall

pay for any expenses incurred by the Underwriters on behalf of the Issuer's employees and representatives which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All other expenses and costs of the Underwriters incurred under or pursuant to this Purchase Agreement, including, without limitation, the cost of preparing this Purchase Agreement and other Underwriter documents, travel expenses and the fees and expenses of Underwriters' Counsel, shall be paid by the Underwriters (which may be included as an expense component of the Underwriter's discount).

The Issuer acknowledges that the Underwriters will pay from the underwriters' expense allocation of the underwriting discount certain fees, including the applicable per bond assessment charged by the Municipal Advisory Council of Texas. The Municipal Advisory Council of Texas is a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

12. USE OF DOCUMENTS.

The Issuer hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Certificates, this Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Legal Documents, and the information contained herein and therein.

13. QUALIFICATION OF SECURITIES.

The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request to qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. NOTICES.

Any notice or other communication to be given to the Issuer under this Purchase Agreement may be given by delivering the same in writing to City of Grand Prairie, Texas, 317 College Street, Grand Prairie, Texas 75050, Attention: Chief Financial Officer and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 70 Northeast Loop 410, Suite 295, San Antonio, Texas 78216, Attention: Dane Kopinski.

15. BENEFIT.

This Purchase Agreement is made solely for the benefit of the Issuer and the Underwriters (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriters;

(ii) delivery of and payment for the Certificates hereunder; or (iii) any termination of this Purchase Agreement, other than pursuant to Section 9 (and in all events the agreements of the Issuer pursuant to Sections 10 and 12 hereof shall remain in full force and effect notwithstanding the termination of this Purchase Agreement under Section 9 hereof).

16. GOVERNING LAW. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

17. WAIVER OF JURY TRIAL. THE ISSUER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

18. MISCELLANEOUS.

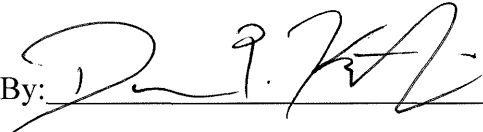
(a) This Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof. Delivery of an executed counterpart of a signature page of this Purchase Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Purchase Agreement.

[Signature page follows]

Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Representative

By:  _____

Approved and Agreed to: August __, 2019

CITY OF GRAND PRAIRIE, TEXAS

By: _____

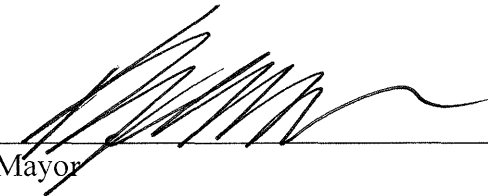
Very truly yours,

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Representative

By: _____

Approved and Agreed to: August 6, 2019

CITY OF GRAND PRAIRIE, TEXAS

By:  _____
Mayor

SCHEDULE I

Principal Amounts, Interest Rates and Prices

<u>Amount (\$)</u>	<u>Maturity (February 15)</u>	<u>Rate (%)</u>	<u>Initial Yield (%)</u>
1,800,000	2020	4.000	1.040
1,815,000	2021	4.000	1.040
1,880,000	2022	4.000	1.060
675,000	2023	2.000	1.080
1,275,000	2023	4.000	1.080
300,000	2024	2.000	1.090
1,735,000	2024	5.000	1.090
1,285,000	2025	5.000	1.160
200,000	2026	2.000	1.260
1,150,000	2026	5.000	1.260
1,315,000	2027	5.000	1.330
1,380,000	2028	5.000	1.440
1,455,000	2029	5.000	1.540*
1,525,000	2030	5.000	1.620*
1,605,000	2031	5.000	1.690*
1,680,000	2032	4.000	1.910*
1,745,000	2033	4.000	2.030*
1,820,000	2034	4.000	2.120*
1,895,000	2035	4.000	2.190*
1,970,000	2036	4.000	2.240*
2,050,000	2037	4.000	2.280*
2,135,000	2038	4.000	2.320*
2,220,000	2039	4.000	2.360*

(Interest Accrues from Date of Initial Delivery)

*Yield calculated based on the assumption that such Certificates will be redeemed on the first optional call date for such Certificates, which is February 15, 2028.

Optional and Mandatory Redemption

The Issuer reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

General Rule Maturities

Maturity Date (2/15)

2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039

Hold-The-Offering-Price Maturities

Maturity Date (2/15)

None

EXHIBIT A

CONSOLIDATED FORM

\$34,910,000

**CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2019A**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Representative”), on behalf of itself and BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Certificates”).

[Select appropriate provisions below]

1. [Alternative 1¹ – All Maturities Use General Rule: Sale of the Certificates. As of the date of this certificate, for each Maturity of the Certificates, the first price at which at least 10% of such Maturity of the Certificates was sold to the Public is the respective price listed in Schedule A.][Alternative 2² – Select Maturities Use General Rule: *Sale of the General Rule Maturities.* As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Certificates was sold to the Public is the respective price listed in Schedule A.]

2. Initial Offering Price of the Certificates [Hold-the-Offering-Price Maturities].

(a) [Alternative 1³ – All Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Certificates to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.] [Alternative 2⁴ – Select Maturities Use Hold-the-Offering-Price Rule: The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as Schedule B.]

(b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Certificate Purchase Agreement, the members of the Underwriting Group have agreed in

¹If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

²If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

³If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

⁴Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

writing that, (i) for each Maturity of the Certificates, they would neither offer nor sell any of the unsold Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No Underwriter has offered or sold any Maturity of the unsold Certificates at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Certificate Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the unsold Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No Underwriter has offered or sold any unsold Certificates of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.]

3. Defined Terms.

(a) [*General Rule Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “General Rule Maturities.”]

(b) [*Hold-the-Offering-Price Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) [*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the City of Grand Prairie, Texas.

(e) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is August ____, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Tax-Exemption with respect to the Certificates and with respect to compliance with the federal income tax rules affecting the Certificates, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Certificates. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____
Name: _____

Dated: _____, 2019

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(ATTACHED)

EXHIBIT B

FORM OF LETTER OF UNDERWRITERS' COUNSEL

_____, 2019

Stifel, Nicolaus & Company, Incorporated,
as Representative of a Group of Underwriters
70 Northeast Loop 410, Suite 295
San Antonio, Texas 78216

Re: City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation,
Series 2019A

Ladies and Gentlemen:

We have acted as counsel for you as the representative of a group of underwriters of the Certificates of Obligation identified above (the "Certificates"), issued under and pursuant to an ordinance adopted by the City Council of the City of Grand Prairie, Texas (the "Issuer") on August 6, 2019 (the "Ordinance") authorizing the issuance of the Certificates, which Certificates you are purchasing pursuant to a Certificate Purchase Agreement (the "Certificate Purchase Agreement") dated August 6, 2019 (such purchase being referred to herein as the "Transaction"). All capitalized undefined terms used herein shall have the meaning set forth in the Certificate Purchase Agreement.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certifications and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery or validity of the Certificates and we have assumed, but not independently verified, that the signatures on all documents and certificates that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Preliminary Official Statement dated July 31, 2019 (the "Preliminary Official Statement") and the Official Statement dated August 6, 2019 (the "Official Statement") and because the information in the Preliminary Official Statement and the Official Statement included under the captions and subcaptions "THE OBLIGATIONS - Book-Entry-Only System" and "TAX MATTERS" and Appendices A and C thereto were prepared by

others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for the information contained under such captions and subcaptions and appendices, and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of other statements contained in the Preliminary Official Statement and the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our participation in the preparation of the Preliminary Official Statement and the Official Statement as your counsel, we had discussions with representatives of the Issuer, including its Financial Advisor, Disclosure Counsel and Bond Counsel, and you regarding the contents of the Preliminary Official Statement and the Official Statement. On the basis of the foregoing and in reliance thereon and on the certificates, opinions and other documents herein mentioned (relying as to materiality to a large extent upon the officials and other representatives of the Issuer) we advise you that no facts came to our attention which would lead us to believe that the Preliminary Official Statement, as of its date and as of the date of the Certificate Purchase Agreement, and the Official Statement, as of its date and as of the date of Settlement (in each case, except for the financial statements and other financial, forecast, technical and statistical statements and data contained therein, the information set forth under the captions and subcaptions "THE OBLIGATIONS - Book-Entry-Only System" and "TAX MATTERS" and Appendices A and C thereto, as to which we express no opinion), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertaking of the Issuer contained in the Ordinance; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertaking, and in reliance on the opinion of Bond Counsel that the Ordinance has been duly adopted by the Issuer and is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, we have no reason to believe that such undertaking does not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertaking provides a suitable basis for you, as the underwriters of the Certificates, and any other broker, dealer or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Certificates, to make a reasonable determination that the Issuer has met the qualifications of paragraph (b)(5)(i) of the Rule.

In addition to the limitations set forth in the preceding paragraphs, we have not been requested to review, nor have we reviewed, any records or contracts of the Issuer or the basis for any representations made by representatives of the Issuer, and the foregoing is subject to the material, statements, and other data contained in the records or contracts of the Issuer and any such representations, to the extent they are reflected in the Official Statement, not containing any untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained in the Official Statement, in the light of the circumstances under which they were made, not misleading.

You are reminded that this opinion expresses our professional judgment as to the legal issues explicitly addressed herein. In rendering this opinion we do not become an insurer or guarantor of the expression of professional judgment, of the Transaction, or of the future performance of the parties to the Transaction. Nor does this opinion guarantee the outcome of any legal dispute that may arise out of or relate to the Transaction.

This opinion is issued to you and for your sole benefit and is issued for the sole purpose of the Transaction. No person other than you may rely upon this opinion without our express written consent. This opinion may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this opinion subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action (including, without limitation, publication by the Securities and Exchange Commission of further interpretive guidance relating to the Rule), by judicial decision, or by any other action. The opinions expressed herein are limited to the matters specifically set forth herein, and no other opinions should be inferred beyond the matters expressly stated.

Our opinions herein are limited in all respects to the federal laws of the United States of America and the laws of the State of Texas, and we do not express any opinion as to the applicability of or the effect thereon of the laws of any other state or other jurisdiction.

Respectfully submitted,

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities referenced herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



PRELIMINARY OFFICIAL STATEMENT

Dated July 31, 2019

Ratings:
S&P: “AAA” (stable outlook)
Fitch: “AA+” (positive outlook)
(see “OTHER INFORMATION - Ratings” herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.

THE BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

\$20,050,000*

**CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)**

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

Dated Date: August 15, 2019

Due: February 15, as shown on page 2 hereof

Interest to accrue from Delivery Date

PAYMENT TERMS. . . Interest on the \$20,050,000* City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019 (the “Bonds”, and together with the City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A [the “Certificates”] being offered herein, collectively, the “Obligations”) will accrue from the “Delivery Date”, estimated to be November 19, 2019, will be payable February 15 and August 15 of each year commencing February 15, 2020 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE OBLIGATIONS - Book-Entry-Only System” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE OBLIGATIONS - Paying Agent/Registrar”).

AUTHORITY FOR ISSUANCE. . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Texas Government Code, Chapter 1207, as amended, and are direct obligations of the City of Grand Prairie, Texas (the “City”), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the “Bond Ordinance”) (see “THE OBLIGATIONS - Authority for Issuance of the Bonds”).

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City’s outstanding debt described in Schedule I (the “Refunded Obligations”) for debt service savings and (ii) pay the costs of issuance associated with the sale of the Bonds.

CUSIP PREFIX: 386138

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

SEPARATE ISSUES. . . The Bonds are being offered by the City concurrently with the Certificates under a common Official Statement. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Bonds are offered when, as and if issued and accepted by the Representative (the “Representative”), on behalf of the Underwriters (the “Underwriters”) of the Bonds, subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas (see Appendix C, “Forms of Bond Counsel’s Opinions”), and certain other conditions. West & Associates L.L.P. will act as Disclosure Counsel for the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, Dallas, Texas.

DELIVERY. . . . It is expected that the Bonds in definitive form will be available for delivery to the Representative, on behalf of the Underwriters, on or about November 19, 2019, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds.” The Representative reserves the right to obligate investors purchasing the Bonds to execute and deliver to the Representative a Forward Delivery Contract, the form of which is attached hereto as Appendix D.

STIFEL

BOK Financial Securities, Inc.

Raymond James

*Preliminary, subject to change.

MATURITY SCHEDULE***CUSIP Prefix: 386138** ⁽¹⁾

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 3,835,000	2/15/2021			
4,055,000	2/15/2022			
2,910,000	2/15/2023			
2,420,000	2/15/2024			
1,310,000	2/15/2025			
915,000	2/15/2026			
950,000	2/15/2027			
1,000,000	2/15/2028			
850,000	2/15/2029			
885,000	2/15/2030			
920,000	2/15/2031			

(Interest to accrue from delivery date.)

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Financial Advisor or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Bonds. None of the City, the Financial Advisor or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after [February 15, 20__], in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on [February 15, 20__] or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption of the Obligations”).

(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities referenced herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



PRELIMINARY OFFICIAL STATEMENT

Dated July 31, 2019

Ratings:
S&P: “AAA” (stable outlook)
Fitch: “AA+” (positive outlook)
(see “OTHER INFORMATION - Ratings” herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.

THE CERTIFICATES WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

\$35,800,000*

**CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)**

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A

Dated Date: August 15, 2019

Due: February 15, as shown on page 4 hereof

Interest to accrue from Delivery Date

PAYMENT TERMS. . . Interest on the \$35,800,000* City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A (the “Certificates”, and together with the City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019 [the “Bonds”] being offered herein, collectively the “Obligations”) will accrue from the “Delivery Date”, estimated to be August 29, 2019, will be payable February 15 and August 15 of each year commencing February 15, 2020 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “THE OBLIGATIONS - Book-Entry-Only System” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE OBLIGATIONS - Paying Agent/Registrar”).

AUTHORITY FOR ISSUANCE. . . The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City of Grand Prairie, Texas (the “City”), and (ii) a limited pledge of \$2,500 of the net revenues of the City’s water and wastewater system, as provided in the ordinance authorizing the Certificates (the “Certificate Ordinance”) (see “THE OBLIGATIONS - Authority for Issuance of the Certificates”).

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

CUSIP PREFIX: 386138

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 4

SEPARATE ISSUES. . . The Certificates are being offered by the City concurrently with the Bonds under a common Official Statement. The Certificates and the Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY. . . The Certificates are offered for delivery when, as and if issued and received by the Underwriters (the “Underwriters”) of the Certificates and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix C, “Forms of Bond Counsel’s Opinions”). West & Associates L.L.P. will act as Disclosure Counsel for the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, Dallas, Texas.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on August 29, 2019.

STIFEL

BOK Financial Securities, Inc.

Raymond James

*Preliminary, subject to change.

MATURITY SCHEDULE*CUSIP Prefix: 386138⁽¹⁾

Principal Amount	Maturity Date	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 1,790,000	2/15/2020			
1,815,000	2/15/2021			
1,905,000	2/15/2022			
2,005,000	2/15/2023			
2,100,000	2/15/2024			
1,350,000	2/15/2025			
1,420,000	2/15/2026			
1,395,000	2/15/2027			
1,460,000	2/15/2028			
1,520,000	2/15/2029			
1,580,000	2/15/2030			
1,645,000	2/15/2031			
1,710,000	2/15/2032			
1,780,000	2/15/2033			
1,855,000	2/15/2034			
1,930,000	2/15/2035			
2,010,000	2/15/2036			
2,090,000	2/15/2037			
2,175,000	2/15/2038			
2,265,000	2/15/2039			

(Interest to accrue from delivery date.)

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Financial Advisor or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Certificates. None of the City, the Financial Advisor or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Certificates or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after [February 15, 20__] in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on [February 15, 20__], or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption of the Obligations”).

(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY)

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule") and in effect on the date of this Preliminary Official Statement, this document constitutes a Preliminary Official Statement of the City that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The Obligations are exempt from registration with the United States Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Obligations in accordance with applicable securities law provisions of the jurisdiction in which the Obligations have been registered, qualified, or exempted should not be regarded as a recommendation thereof.

Neither the City, its Financial Advisor, nor the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its Book-Entry-Only System.

In connection with the offering of the Obligations, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The cover pages contain certain information for general reference only and are not intended as a summary of this offering. Investors should read the entire Official Statement, including the Schedule and all Appendices attached hereto, to obtain information essential to making an informed investment decision.

This Official Statement contains "Forward-Looking" Statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance, and achievements expressed or implied by such Forward-Looking Statements. Investors are cautioned that the actual results could differ materially from those set forth in the Forward-Looking Statements.

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The cover pages hereof, this page, the schedule and appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY..... The City of Grand Prairie, Texas (the “City”) is a political subdivision and home rule municipal corporation of the State of Texas, located in Dallas, Tarrant and Ellis Counties, Texas. The City covers approximately 80 square miles (see “INTRODUCTION - Description of the City”).

THE BONDS..... The Bonds are issued as \$20,050,000* General Obligation Refunding Bonds, Series 2019. The Bonds are issued as serial bonds maturing on February 15 in each of the years 2021 through 2031, unless redeemed in accordance with the provisions described herein (see “THE OBLIGATIONS – Description of the Obligations” and “THE OBLIGATIONS – Optional Redemption of the Obligations”).

THE CERTIFICATES..... The Certificates are issued as \$35,800,000* Combination Tax and Revenue Certificates of Obligation, Series 2019A. The Certificates are issued as serial certificates maturing on February 15 in each of the years 2020 through 2039, unless redeemed in accordance with the provisions described herein (see “THE OBLIGATIONS – Description of the Obligations” and “THE OBLIGATIONS – Optional Redemption of the Obligations”).

PAYMENT OF INTEREST ON THE BONDS..... Interest on the Bonds accrues from the Delivery Date, estimated to be November 19, 2019, and is payable February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS - Description of the Obligations” and “THE OBLIGATIONS - Optional Redemption of the Obligations”).

PAYMENT OF INTEREST ON THE CERTIFICATES..... Interest on the Certificates accrues from the Delivery Date, estimated to be August 29, 2019, and is payable February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS - Description of the Obligations” and “THE OBLIGATIONS - Optional Redemption of the Obligations”).

AUTHORITY FOR ISSUANCE OF THE BONDS..... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Texas Government Code, Chapter 1207, as amended, and the Bond Ordinance to be adopted by the City Council of the City (see “THE OBLIGATIONS - Authority for Issuance of the Bonds”).

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES..... The Certificates are authorized and issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Certificate Ordinance to be adopted by the City Council of the City (see “THE OBLIGATIONS – Authority for Issuance of the Certificates”).

SECURITY FOR THE BONDS..... The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, as provided in the Bond Ordinance (see “THE OBLIGATIONS - Security and Source of Payment for the Bonds”).

SECURITY FOR THE CERTIFICATES..... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge of \$2,500 of the net revenues of the City’s water and wastewater system, as provided in the Certificate Ordinance (see “THE OBLIGATIONS – Security and Source of Payment for the Certificates”).

*Preliminary, subject to change.

OPTIONAL REDEMPTION OF THE OBLIGATIONS The City reserves the right, at its option, to redeem Obligations having stated maturities on and after [February 15, 20__], in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on [February 15, 20__] or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption of the Obligations”).

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law on the respective dates of delivery of the Obligations, subject to the matters described under the caption “TAX MATTERS” herein.

USE OF PROCEEDS FOR THE BONDS Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City’s outstanding debt described in Schedule I (the "Refunded Obligations") for debt service savings and (ii) pay the costs of issuance associated with the sale of the Bonds.

USE OF PROCEEDS FOR THE CERTIFICATES Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

RATINGS The Obligations have been rated “AAA” with a stable outlook by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) and “AA+” with a positive outlook by Fitch Ratings, Inc. (“Fitch”) (see “OTHER INFORMATION – Ratings”).

BOOK-ENTRY-ONLY SYSTEM The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof for each series and maturity. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “THE OBLIGATIONS - Book-Entry-Only System”).

PAYMENT RECORD The City has not defaulted on its general obligation bonds since 1939 when defaults were corrected without refunding and has never defaulted on its revenue bonds.

DELIVERY OF THE BONDS..... It is expected that the Bonds in definitive form will be available for delivery to the Representative, on behalf of the Underwriters, on or about November 19, 2019, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds.” The Representative reserves the right to obligate investors purchasing the Bonds to execute and deliver to the Representative a Forward Delivery Contract, the form of which is attached hereto as Appendix D.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2014	181,230	\$ 9,842,362,530 ⁽⁴⁾	\$ 54,309	\$ 148,553,000	1.51%	\$ 820
2015	181,230	10,558,457,782 ⁽⁵⁾	58,260	161,857,000	1.53%	893
2016	182,610	11,095,610,000 ⁽⁶⁾	60,761	175,810,000	1.58%	963
2017	184,620	12,317,890,808 ⁽⁷⁾	66,720	191,200,000	1.55%	1,036
2018	187,000	13,521,607,208 ⁽⁸⁾	72,308	211,985,000	1.57%	1,134
2019	194,000	14,755,015,593 ⁽⁹⁾	76,057	309,370,000 ⁽¹⁰⁾	2.10%	1,595

(1) Source: City Staff.

(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Projected excludes revenue supported general obligation debt. See "TABLE 9 - Computation of Self-Supporting Debt"

(4) Includes taxable incremental value of approximately \$487,063,500 that is not available for the City's general use.

(5) Includes taxable incremental value of approximately \$528,935,423 that is not available for the City's general use.

(6) Includes taxable incremental value of approximately \$147,301,648 that is not available for the City's general use.

(7) Includes taxable incremental value of approximately \$214,042,756 that is not available for the City's general use.

(8) Includes taxable incremental value of approximately \$281,406,819 that is not available for the City's general use.

(9) Includes taxable incremental value of approximately \$381,547,594 that is not available for the City's general use.

(10) Includes the Obligations, as well as the Taxable Series 2019B Certificates, and the Taxable Series 2019 Notes being offered concurrently under a separate Official Statement. Excludes the Refunded Obligations. Preliminary, subject to change.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Beginning Balance	\$ 31,346,705	\$ 31,011,895	\$ 27,748,646	\$ 24,752,419 ⁽¹⁾	\$ 28,816,808
Total Revenue	134,912,713	126,720,322	122,517,676	114,115,413	106,220,153
Total Expenditures	123,411,609	116,161,238	108,081,822	103,001,474	98,120,819
Net Transfers	(10,106,151)	(11,110,985)	(11,794,063)	(8,674,408)	(13,413,933)
Sale of Capital Assets	1,003,393	886,711	621,458	556,696	613,163
Net Funds Available	2,398,346	334,810	3,263,249	2,996,227	(4,701,436)
Ending Balance	<u>\$ 33,745,051</u>	<u>\$ 31,346,705</u>	<u>\$ 31,011,895</u>	<u>\$ 27,748,646</u>	<u>\$ 24,115,372</u>

(1) Includes \$637,047 prior year adjustment.

For additional information regarding the City, please contact:

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Length of Service	Term Expires	Occupation
Ron Jensen Mayor	17 Years	May 2022	President and Owner, Control Products
Jorja Jackson Clemson Place 1 - District 1 Deputy Mayor Pro-Tem	6 Years	May 2020	President, Store Service Inc.
Jim Swafford Place 2 - District 2	21 Years	May 2022	Retired Bank President
Mike Del Bosque Place 3 - District 3	2 Years	May 2020	Founder/CEO, Intire Health
John Lopez Place 4 - District 4	< 1 Year	May 2022	Administrative Supervisor at the Federal Reserve Bank of Dallas
Cole Humphreys Place 5 - District 5	1 Year	May 2021	Owner, Austin Insurance
Jeff Wooldridge Place 6 - District 6	6 Years	May 2021	Self Employed
Jeff Copeland Place 7 - At Large	6 Years	May 2020	President, Federal Title, Inc.
Greg Giessner Place 8 - At Large Mayor Pro-Tem	10 Years	May 2021	Agent, Farmers Insurance

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service In Grand Prairie	Total Municipal Government Experience
Tom Hart	City Manager	19 Years	43 Years
Anna Doll	Deputy City Manager	35 Years	36 Years
Bill Crolley	Deputy City Manager	23 Years	30 Years
Steve Dye	Deputy City Manager	8 Years	33 Years
Megan Mahan	City Attorney	8 Years	10 Years
Cathy Dimaggio	City Secretary	18 Years	31 Years
Becky Brooks, CPA	Chief Financial Officer	1 Year	6 Years
Brady Olsen	Treasury and Debt Manager	< 1 Year	6 years
Kathleen Mercer	Budget Director	18 Years	20 Years
Gabe Johnson	Public Works Director	6 Years	10 Years
Cathy Patrick, CPA, CIA	Internal Auditor	20 Years	25 Years

CONSULTANTS AND ADVISORS

Auditors	Weaver, L.L.P. Dallas, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Disclosure Counsel	West & Associates LLP Dallas, Texas
Financial Advisor.....	Hilltop Securities Inc. Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$20,050,000*

**CITY OF GRAND PRAIRIE, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**

AND

\$35,800,000*

**CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A**

INTRODUCTION

This Official Statement which includes the Appendices and Schedule hereto, provides certain information regarding the issuance of \$20,050,000* City of Grand Prairie, Texas, General Obligation Refunding Bonds, Series 2019 (the “Bonds”) and the \$35,800,000* City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances to be adopted on the date of sale of the Obligations which will authorize the issuance of the respective Obligations, except as otherwise indicated herein (the ordinance authorizing the issuance of the Bonds (the “Bond Ordinance”) and the ordinance authorizing the issuance of the Certificates (the “Certificate Ordinance”) are sometimes herein referred to jointly as the “Ordinances”).

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City of Grand Prairie, Texas (the “City”) and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Hilltop Securities Inc. (“HilltopSecurities”), Dallas, Texas.

SEPARATE ISSUES. . . The Bonds and the Certificates are being offered concurrently by the City under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the “Obligations”. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and home rule municipal corporation of the State of Texas (the “State”), duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Home Rule Charter in 1948. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members who are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, environmental health services, parks and recreation, public transportation, public facilities, planning and zoning, and general administrative services. The 1970 Census population for the City was 71,462 while the 2010 population was 175,396. The estimated population for 2019 is 194,000. The City covers approximately 80 square miles.

DELAYED DELIVERY

Certain Considerations Regarding Forward Delivery of the Bonds

FORWARD DELIVERY . . . The City anticipates that the Bonds will be issued and delivered by the City to Stifel, Nicolaus & Company, Incorporated, BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (collectively, the “Underwriters”) and purchased by the Underwriters (the “Settlement”) on or about November 19, 2019 (the “Settlement Date”). The following is a description of certain provisions of the Forward Delivery Bond Purchase Agreement, expected to be dated on or about August 6, 2019 (the sale date of the Bonds), between the City and Stifel, Nicolaus & Company, Incorporated, as representative of the Underwriters (the “Representative”) with respect to the Bonds (the “Bond Purchase Agreement”). This description is not to be considered a full statement of the terms of the Bond Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

*Preliminary, subject to change.

Until such time as the Bonds are issued and delivered by the City and purchased by the Representative on the Settlement Date, certain information contained in this Official Statement may change in a material respect. The City agrees in the Bond Purchase Agreement to update the Official Statement, if necessary in the judgment of the Representative or the City, so that the Official Statement as amended or supplemented does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Additionally, the City agrees in the Bond Purchase Agreement to prepare an Updated Official Statement, dated a date not more than twenty-five nor less than ten days prior to the Settlement Date, which, as of such date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. References under “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds” to the Official Statement as of a specific date shall mean (i) at any point in time during the period from the date of this Official Statement to but not including the date of delivery of the Updated Official Statement to the Representative, this Official Statement, and (ii) from and after the date of delivery of the Updated Official Statement, the Updated Official Statement, in each case as amended or supplemented.

CONDITIONS OF SETTLEMENT . . . The issuance and purchase of the Bonds on the Settlement Date are subject to the satisfaction of certain conditions set forth in the Bond Purchase Agreement, including, among other things, the delivery to the Representative of certain documents and legal opinions on and as of the Settlement Date and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Closing Date (as defined in the Bond Purchase Agreement), including the delivery to the Representative of: (i) the opinion of Bond Counsel, substantially in the form and to the effect set forth in APPENDIX C relating to the Bonds, (ii) the Updated Official Statement, and (iii) written evidence satisfactory to the Representative that, as of the Settlement Date, S&P and Fitch have rated the Bonds. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the City to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the Bonds will be issued unless all of the Bonds are issued and delivered on the Settlement Date.

TERMINATION OF BOND PURCHASE AGREEMENT . . . If the Issuer shall be unable to satisfy the conditions of the Underwriters’ obligations contained in the Bond Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by the Bond Purchase Agreement, the Bond Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Settlement.

The Underwriters shall also have the right, before the time of Settlement, to cancel their obligations to purchase the Bonds, by written notice by the Representative to the Issuer, if between the date of the Bond Purchase Agreement and the time of Settlement:

- Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.
- The market for the Bonds or the market prices of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(A) An amendment to the Constitution of the United States or the State of Texas shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of Texas or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of Texas authority, with respect to federal or State of Texas taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or

effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of Texas legislation.

(B) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States.

(C) The declaration of a general banking moratorium by federal, New York or Texas authorities.

(D) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market.

(E) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(F) The general suspension of trading on any national securities exchange.

- Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the Securities Act of 1933, as amended, or that the Bond Ordinance is not exempt from qualification under the Trust Indenture Act of 1939, as amended.
- Any change in or particularly affecting the Issuer, Chapter 1207, Texas Government Code, as amended (the “Act”), the Bond Ordinance, the Bond Purchase Agreement, the Bonds, and the Escrow Agreement dated as of the Settlement Date (collectively, the “Legal Documents”) as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Bonds.
- An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect.
- A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any Legal Documents, as contemplated by the Bond Purchase Agreement or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the Securities Act of 1933, the Securities Exchange Act of 1934 or the Trust Indenture Act of 1939, each as amended and as then in effect.
- Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.
- Any litigation shall be instituted or be pending at the time of the Settlement to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Bond Ordinance, and the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents.
- The Issuer fails to deliver a certification as of the Settlement Date to the effect that (A) the evidence of the ratings on the Bonds delivered at and as of the Closing Date remain accurate or (B) the ratings on the Bonds at and as of the Settlement Date are as stated in such certification.

FORWARD DELIVERY CONTRACT . . . The Underwriters reserve the right to obligate investors purchasing the Bonds to execute a Forward Delivery Contract (the “Forward Delivery Contract”) in substantially the form set forth in Appendix D. The Forward

Delivery Contract provides that the purchaser will remain obligated to purchase the Bonds, even if the purchaser decides to sell the Bonds following the date of the Forward Delivery Contract. ***The City will not be a party to any Forward Delivery Contract, and the City is not in any way responsible for the performance thereof or for any representations or warranties contained therein.*** The rights and obligations under the Bond Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

ADDITIONAL RISKS RELATING TO FORWARD DELIVERY PERIOD . . . During the Forward Delivery Period, certain information contained in this Official Statement may change in material respects. Any changes in such information will not permit the Representative to terminate the Bond Purchase Agreement or release the purchasers from their obligation to purchase the Bonds unless the change reflects an event described under “Termination of Bond Purchase Agreement” above. In addition to the risks set forth above and under “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds,” purchasers of the Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the Bonds on the Settlement Date will not be different from those currently assigned to the Bonds. Issuance of the Bonds and the Underwriters’ obligations under the Bond Purchase Agreement are not conditioned upon the maintenance of the initial ratings of the Bonds.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market for the Bonds, and no assurance can be given that a secondary market will exist for the Bonds during the Forward Delivery Period or at any time thereafter. Prospective purchasers of the Bonds should assume that there will be no secondary market for the Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the Bonds as of the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the financial condition of the City and the State, and federal and state tax, securities and other laws. The market value of the Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Bonds, and that difference could be substantial. Neither the City nor the Underwriters makes any representations as to the expected market value of the Bonds as of the Settlement Date.

Tax Law Risk. Subject to the other conditions of Settlement and the Representative’s rights of termination described above, the Bond Purchase Agreement obligates the City to deliver, and the Underwriters to accept, the Bonds if the City delivers an opinion of Bond Counsel substantially in the form and to the effect set forth in APPENDIX C relating to the Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on “state or local bonds” (such as the Bonds) for federal income tax purposes, the City might be able to satisfy the requirements for the delivery of the Bonds. In such event, the purchasers would be required to accept delivery of the Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any such changes in tax law and the consequences of such changes to the purchasers. See “TAX MATTERS” herein.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of (i) refunding the City’s outstanding obligations listed in Schedule I (collectively, the “Refunded Obligations”), in order to lower the overall annual debt service requirements of the City, and (ii) paying the costs of issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Obligations and their redemption dates.

The Certificates are being issued for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems; (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations from funds to be deposited pursuant to a certain Escrow Agreement (the “Escrow Agreement”) between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Escrow Agent”). The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriters and other available City funds, if any are necessary, the City will deposit with the Escrow Agent the amount that, will be sufficient without reinvestment to accomplish the discharge and final payment of the Refunded Obligations on their redemption date. Such funds will be held by the Escrow Agent in an escrow account (the “Escrow Fund”) which will be irrevocably pledged to the payment of principal of and interest on the Refunded Obligations.

Public Finance Partners LLC, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. Such funds in the Escrow Fund will not be available to pay the Bonds (see “Other Information - Verification of Arithmetical and Mathematical Computations”).

By the deposit of a portion of the Bond proceeds, cash, if necessary, and the Escrowed Securities purchased with a portion of the Bond proceeds, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that, as a result of such defeasance and in reliance upon the report of Public Finance Partners LLC, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City.

In the Escrow Agreement, the City covenants to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

USE OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds, are expected to be expended as follows:

SOURCES OF FUNDS:

Par Amount of Bonds	
Net Premium	
TOTAL SOURCES:	<u><u>\$ -</u></u>

USES OF FUNDS:

Deposit to Escrow Fund	
Costs of Issuance	
Underwriters' Discount	
TOTAL USES:	<u><u>\$ -</u></u>

USE OF CERTIFICATE PROCEEDS . . . Proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS:

Par Amount of Certificates	\$ -
Net Premium	-
TOTAL SOURCES:	<u><u>\$ -</u></u>

USES OF FUNDS:

Deposit to Project Fund	\$ -
Costs of Issuance	-
Underwriters' Discount	-
TOTAL USES:	<u><u>\$ -</u></u>

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS. . . . The Obligations are dated August 15, 2019, and are scheduled to mature, with respect to the Bonds, on February 15 in each of the years and in the amounts shown on page 2 and, with respect to the Certificates, on February 15 in each of the years and in the amounts shown on page 4 hereof. Interest on the Obligations will accrue from the Delivery Date, estimated to be November 19, 2019, with respect to the Bonds and August 29, 2019 with respect to the Certificates, and will be computed on the basis of a 360-day year of twelve 30-day months, to be payable on each August 15 and February 15 until maturity or prior redemption, commencing February 15, 2020. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See “THE OBLIGATIONS - Book-Entry-Only System” herein.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense

of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under "THE OBLIGATIONS - Book-Entry-Only System" herein. If the date for any payment on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are being authorized and issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapter 1207, as amended and the Bond Ordinance.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES. . . The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS. . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES. . . The Certificates are payable from a combination of (i) a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property within the City and (ii) a limited pledge of \$2,500 of the net revenues of the City's water and wastewater system, as provided in the Certificate Ordinance.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per each \$100 of Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per each \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt, based on a 90% tax collection rate as calculated at the time of issuance.

OPTIONAL REDEMPTION OF THE OBLIGATIONS. . . The City reserves the right, at its option, to redeem Obligations having stated maturities on and after [February 15, 20__], in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on [February 15, 20__], or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of the Obligations to be redeemed. If less than all of the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of each registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Obligations, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

DEFEASANCE. . . The Ordinances provide for the defeasance of the Bonds or the Certificates, as the case may be, when the payment of the principal of and premium, if any, on the Bonds or the Certificates, as the case may be, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government

Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds or the Certificates, as the case may be. The Ordinances provide that “Government Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Obligations under applicable laws of the State of Texas. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, the applicable Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Obligations have been made as described above, all rights of the City to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS. . . The City may, without the consent of or notice to any Holders of the Bonds or the Certificates, from time to time and at any time, amend the Bond Ordinance or the Certificate Ordinance in any manner not detrimental to the interests of the Holders of the Bonds or the Certificates, as applicable, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of Holders of a majority in aggregate principal amount of the Bonds or Certificates, as applicable, then Outstanding, amend, add to, or rescind any of the provisions of the Bond Ordinance or Certificate Ordinance; provided that, without the consent of all Holders of Outstanding Bonds or Certificates, as applicable, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Obligations, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Obligations, (2) give any preference to any Bond or Certificate over any other Bond or Certificate, respectively, or (3) reduce the aggregate principal amount of Bonds or Certificates, as applicable, required to be held by Holders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM. . . This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, interest and redemption payments on the Obligations are to be paid to and credited by DTC while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Financial Advisor and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each stated maturity of the Obligations in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million

issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Obligations under the DTC system must be made by or through DTC Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system described herein is discontinued.**

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations, unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to one or both series of the Obligations at any time by giving reasonable notice to the City or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Obligations are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered.

Effect of Termination of Book-Entry-Only System... In the event that the Book-Entry-Only System is discontinued, printed Obligation certificates will be issued to the holders and the Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under “THE OBLIGATIONS - Transfer, Exchange and Registration” herein.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriters.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar for the Obligations is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of such Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Obligations will be payable to the registered owner at maturity or prior redemption upon presentation at the principal office of the Paying Agent/Registrar. Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see “THE OBLIGATIONS – Record Date for Interest Payment” herein), and such interest shall be paid (i) by check sent by United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Obligations shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Obligations, payments of principal and interest on the Obligations will be made as described in "THE OBLIGATIONS - Book-Entry-Only System" herein.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued with respect to the Bonds or the Certificates, printed Bonds or Certificates, as the case may be, will be delivered to the registered owners thereof, and thereafter the Bonds or Certificates, as the case may be, may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See “THE OBLIGATIONS - Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (“Record Date”) for the interest payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of an Obligation appearing

on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

OBLIGATIONHOLDERS' REMEDIES. . . If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinances, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or the covenants in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce remedies would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW. . . The appraisal of property within the City is the responsibility of the Dallas Central Appraisal District, the Tarrant Appraisal District and the Ellis Appraisal District (collectively the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under V.T.C.A., Title 1, Tax Code, as amended (the "Property Tax Code"), to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the property's market value for the most recent tax year in which the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board within each Appraisal District, consisting of members appointed by the Board of Directors of each respective Appraisal District. Each respective Appraisal District is required to review the value of property within each respective Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the appropriate Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution (“Article VIII”) and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual’s spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 a maximum of \$12,000; provided, however, that a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran’s residence homestead. Furthermore, and subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption equal to the percentage of the veteran’s disability, if the residence was donated at no cost to the veteran by a charitable organization.

The surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse’s residence homestead, if the surviving spouse has not remarried since the service member’s death and said property was the service member’s residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. Additionally, following the approval by the voters at a November 7, 2017 statewide election (with an effective date of January 1, 2018), the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse’s residence homestead, if the surviving spouse has not remarried since the first responder’s death and said property was the first responder’s residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Under Article VIII and State law, the governing body of a county, municipality, or junior college district may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality, or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual’s spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Sections 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for “freeport property” to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as personal property acquired or imported into the State and transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption, but not both, for items of personal property.

A city or a county may utilize tax increment financing, pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, to encourage development and redevelopment within a designated tax increment reinvestment zone (“TIRZ”). Taxes collected from increases in valuation above the base value (the “captured appraised value”) by each taxing unit that levies ad valorem taxes on real property in the TIRZ may be used to pay costs of infrastructure or other public improvements in the TIRZ and to supplement or act as a catalyst for private development in the defined area of the TIRZ. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the TIRZ as of January 1 of the year in which the city created the TIRZ. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the TIRZ. The amount of a taxing unit’s tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the TIRZ, multiplied by the taxing unit’s percentage level of participation.

The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

The City is also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended (“Chapter 380”), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per each \$100 of Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per each \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt, based on a 90% tax collection rate as calculated at the time of issuance.

Public Hearing and Maintenance and Operation Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“effective tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“rollback tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.08, plus the debt service tax rate.

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

For the 2019 tax year, the procedures in this paragraph apply. After the assessor submits the appraisal roll, a designated officer or employee of the City is required to calculate its “rollback tax rate” and “effective tax rate”. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, and may not adopt a tax rate that exceeds the lower of its “rollback tax rate” or “effective tax rate” (as such terms are defined below) until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. The Property Tax Code provides that if the adopted tax rate exceeds the rollback tax rate, qualified voters of the city, by petition, may require that an election be held to determine whether or not to reduce the adopted tax rate to the rollback tax rate. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-effective tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Effective January 1, 2020, the terms rollback tax rate and effective tax rate will be replaced, respectively, with the terms “voter-approval tax rate” and “no-new-revenue tax rate”. Beginning with the 2020 tax year, the procedures in this paragraph and the following paragraphs apply. A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

City and Taxpayer Remedies

Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (See “– Public Hearing and Maintenance and Operation Tax Rate Limitations”.) The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Reference is made to the Property Tax Code and Tex. S.B. 2, 86th Leg. RS (2019) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

2019 LEGISLATIVE SESSION . . . The 86th Regular Legislative Session convened on January 8, 2019 and adjourned on May 27, 2019. Legislation that changes current laws affecting ad valorem tax matters, including calculation of the rollback tax rate and rollback election process for maintenance tax increases, was adopted on May 27, 2019 and signed by the Texas Governor on June 12, 2019. This legislation will impact the City's future budgeting and the levy and collection of ad valorem taxes for maintenance and operations purposes. The City does not anticipate that this legislation will impact its ability to levy and collect ad valorem taxes for debt service purposes.

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses either the most recently published edition of the Annual Energy Outlook or the Short-Term Energy Outlook report, both published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST. . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest ⁽¹⁾	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	32 ⁽²⁾	6	38

(1) Interest continues to accrue after July 1 at the rate of 1% per month until paid.

(2) Includes an amount of up to 20% which may be assessed after July 1 to defray attorney expenses. Since 1987, the City has employed an outside attorney to collect its delinquent ad valorem taxes.

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney’s collection fee of up to 20% may be added to the total tax, penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City’s lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that

an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$45,000; the disabled are also granted an exemption of \$30,000.

The City has granted an additional exemption of 7.5% of the market value of residence homesteads; minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

Dallas County collects taxes for the City by contract.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted partial tax abatement guidelines. See “DEBT INFORMATION – TAX ABATEMENT” herein. The City granted partial tax abatements to seven companies See “TAX ABATEMENTS” below.

The City has created three TIRZs, but at this time only two are active.

TAX ABATEMENTS..... As of the 2017 certified roll (used for 2018 fiscal year) the City’s abatement agreements with seven companies resulted in \$54,157,220 in appraised values being exempt from taxation, totaling \$232,425 in taxes abated on the 2017 certified tax roll (used for the 2018 fiscal year).

TAX INCREMENT FINANCING ZONES..... Three TIRZs have been created within the City, with two being currently active, TIRZ No. 1 and TIRZ No. 3. TIRZ No. 1 was recently expanded to include more land mass within the City. Both active TIRZs are expected to have combined property tax increments of approximately \$2,556,361 for Fiscal Year 2019. For the Fiscal Year 2020, the City anticipates property tax revenue increments of \$3,399,770. Both active TIRZs are still being developed.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

Tax Year 2019 (FY 19-20) Market Valuation Established by Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Appraisal District		\$	20,325,673,616
Less Exemptions/Reductions			
Homestead	\$	459,022,839	
Over 65 & Disabled		373,156,804	
Disabled Veterans		138,427,888	
Agricultural Use Reductions		34,372,699	
Non-Taxable/Totally Exempt		1,436,365,414	
Tax Abatements		38,649,813	
Freeport Property		965,572,510	
Pollution Control		2,676,177	
Under \$500		550,935	
Com HSE DEV		12,303,303	
Capped Value Loss		539,452,126	
Total Exemptions/Reductions			\$ 4,000,550,508
2019/2020 Taxable Assessed Valuation			\$ 16,325,123,108
Outstanding General Obligation Debt as of 8/30/2019 ⁽¹⁾			\$ 236,570,000
The Series 2019 Bonds ⁽²⁾			20,050,000
The Series 2019A Certificates ⁽²⁾			35,800,000
The Taxable Series 2019B Certificates ⁽³⁾			34,460,000
The Taxable Series 2019 Notes ⁽³⁾			7,135,000
Total Outstanding General Obligation Debt as of 8/30/2019			\$ 334,015,000
Less Self-Supporting General Obligation Debt			
Airport	\$	885,000	
Tax Increment Financing District No. 1		7,430,000	
Public Improvement Districts		450,000	
Crime Control Prevention District		15,880,000	
Total General Obligation Self-Supporting Debt	\$	24,645,000	
Net General Obligation Debt Payable from Ad Valorem Taxes as of 8/30/2019			\$ 309,370,000
Interest and Sinking Fund balance as of June 1, 2019			\$ 9,090,910
Ratio General Obligation Tax Debt to Taxable Assessed Valuation			1.90%
2019 Estimated Population -		194,000	
Per Capita Taxable Assessed Valuation -	\$	84,150	
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes -	\$	1,595	

(1) Excludes the Refunded Obligations and assumes forward delivery of the Bonds. Preliminary, subject to change.
(2) Preliminary, subject to change.
(3) Preliminary, subject to change. Being issued concurrently under a separate Official Statement.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30, ⁽¹⁾					
	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 8,702,702,995	42.82%	\$ 8,170,636,070	44.14%	\$ 7,205,616,896	42.51%
Real, Residential, Multi-Family	588,113,327	2.89%	1,445,719,187	7.81%	1,195,400,186	7.05%
Real, Vacant Platted Lots/Tracts	295,614,469	1.45%	292,948,871	1.58%	254,817,282	1.50%
Real, Acreage (Land Only)	74,627,276	0.37%	80,528,897	0.44%	41,567,047	0.25%
Real, Farm and Ranch Improvements	785,322	0.00%	6,500,357	0.04%	5,527,965	0.03%
Real, Commercial and Industrial	5,352,103,009	26.33%	3,474,724,125	18.77%	3,179,117,750	18.75%
Oil, Gas Mineral Reserves	37,733,271	0.19%	18,860,928	0.10%	17,500,902	0.10%
Real and Tangible Personal, Utilities	217,058,489	1.07%	197,390,503	1.07%	180,239,772	1.06%
Tangible Personal, Business	3,475,124,423	17.10%	3,223,646,846	17.41%	3,194,539,962	18.85%
Tangible Personal, Other	2,657,940	0.01%	10,116,667	0.05%	10,620,787	0.06%
Special Inventory	56,371,520	0.28%	65,354,817	0.35%	27,949,740	0.16%
Certified values in dispute	411,654,898	2.03%	200,811,716	1.08%	451,951,792	2.67%
Non-Taxable Property	1,111,126,677	5.47%	1,324,853,428	7.16%	1,186,206,863	7.00%
Total Appraised Value Before Exemptions	\$ 20,325,673,616	100.00%	\$ 18,512,092,412	100.00%	\$ 16,951,056,944	100.00%
Less Exemptions:						
Homestead	\$ 459,022,839		\$ 309,413,678		\$ 303,360,667	
Over 65 & Disabled	373,156,804		363,401,064		348,917,131	
Disabled Veterans	138,427,888		116,731,369		89,178,560	
Agricultural/Open Spaces	34,372,699		77,724,519		58,841,508	
Non-Taxable	1,436,365,414		1,324,853,428		1,188,530,014	
Tax Abatements	38,649,813		30,822,819		33,750,575	
Freeport Property	965,572,510		1,001,108,814		977,034,125	
Pollution Control	2,676,177		2,593,394		2,796,427	
Under \$500	550,935		380,851		331,081	
Com HSE DEV	12,303,303 ⁽²⁾		91,880 ⁽²⁾		11,800,000 ⁽²⁾	
Foreign Trade Zone	0		85,674,719		83,934,151	
Capped Value Loss	539,452,126		444,280,284		330,975,497	
Total Exemptions	\$ 4,000,550,508		\$ 3,757,076,819		\$ 3,429,449,736	
Taxable Assessed Value	\$ 16,325,123,108		\$ 14,755,015,593		\$ 13,521,607,208	

	Taxable Appraised Value for Fiscal Year Ended September 30, ⁽¹⁾			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 6,438,258,351	41.71%	\$ 5,598,320,712	41.35%
Real, Residential, Multi-Family	1,040,598,212	6.74%	956,544,517	7.06%
Real, Vacant Platted Lots/Tracts	257,414,968	1.67%	298,300,767	2.20%
Real, Acreage (Land Only)	39,674,804	0.26%	66,809,237	0.49%
Real, Farm and Ranch Improvements	5,933,552	0.04%	-	0.00%
Real, Commercial and Industrial	2,666,907,843	17.28%	2,309,898,408	17.06%
Oil, Gas Mineral Reserves	19,990,442	0.13%	69,596,184	0.51%
Real and Tangible Personal, Utilities	155,867,326	1.01%	106,212,689	0.78%
Tangible Personal, Business	2,963,382,157	19.20%	2,638,575,290	19.49%
Tangible Personal, Other	12,778,481	0.08%	11,105,760	0.08%
Special Inventory	33,571,160	0.22%	27,974,640	0.21%
Certified values in dispute	641,814,478	4.16%	617,099,036	4.56%
Non-Taxable Property	1,158,856,652	7.51%	839,031,138	6.20%
Total Appraised Value Before Exemptions	\$ 15,435,048,426	100.00%	\$ 13,539,468,378	100.00%
Less Exemptions:				
Homestead	\$ 153,810,211		\$ 152,148,129	
Over 65 & Disabled	339,969,033		322,141,545	
Disabled Veterans	67,853,915		50,856,893	
Agricultural/Open Spaces	58,399,630		45,634,536	
Non-Taxable	1,160,499,872		837,424,401	
Tax Abatements	39,794,679		42,528,834	
Freeport Property	987,345,764		895,937,112	
Pollution Control	3,356,858		3,012,520	
Under \$500	368,758		401,420	
Com HSE DEV	11,100,000		-	
Foreign Trade Zone	79,997,426		78,504,679	
Capped Value Loss	214,661,472		15,268,309	
Total Exemptions	\$ 3,117,157,618		\$ 2,443,858,378	
Taxable Assessed Value	\$ 12,317,890,808		\$ 11,095,610,000	

(1) Valuations shown are certified taxable assessed values reported by the three Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records. Regarding variances between the three districts require some estimates or adjustments to these categories' details.

(2) Under review by City staff.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2014	181,230	\$ 9,842,362,530 ⁽⁴⁾	\$ 54,309	\$ 148,553,000	1.51%	\$ 820
2015	181,230	10,558,457,782 ⁽⁵⁾	58,260	161,857,000	1.53%	893
2016	182,610	11,095,610,000 ⁽⁶⁾	60,761	175,810,000	1.58%	963
2017	184,620	12,317,890,808 ⁽⁷⁾	66,720	191,200,000	1.55%	1,036
2018	187,000	13,521,607,208 ⁽⁸⁾	72,308	211,985,000	1.57%	1,134
2019	194,000	14,755,015,593 ⁽⁹⁾	76,057	309,370,000 ⁽¹⁰⁾	2.10%	1,595

(1) Source: City Staff.

(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Projected excludes revenue-supported general obligation debt. See "TABLE 9 - Computation of Self-Supporting Debt"

(4) Includes taxable incremental value of approximately \$487,063,500 that is not available for the City's general use.

(5) Includes taxable incremental value of approximately \$528,935,423 that is not available for the City's general use.

(6) Includes taxable incremental value of approximately \$147,301,648 that is not available for the City's general use.

(7) Includes taxable incremental value of approximately \$214,042,756 that is not available for the City's general use.

(8) Includes taxable incremental value of approximately \$281,406,819 that is not available for the City's general use.

(9) Includes taxable incremental value of approximately \$381,547,594 that is not available for the City's general use.

(10) Includes the Obligations, as well as the Taxable Series 2019B Certificates and the Taxable Series 2019 Notes being offered concurrently under a separate Official Statement. Excludes the Refunded Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2015	\$ 0.669998	\$ 0.484892	\$ 0.185106	\$ 70,741,456	98.10%	98.81%
2016	0.669998	0.484892	0.185106	74,340,365	98.92%	100.23%
2017	0.669998	0.473549	0.196449	82,529,622	98.08%	98.85%
2018	0.669998	0.471196	0.198802	88,709,078	98.77%	98.77%
2019	0.669998	0.463696	0.206302	98,858,309	99.80% ⁽¹⁾	100.40% ⁽¹⁾

(1) Collections through February 28, 2019.

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TABLE 5 - TEN LARGEST TAXPAYERS ⁽¹⁾

Name of Taxpayer	Nature of Property	Tax Year 2018	% of Total
		Taxable Assessed Valuation	Taxable Assessed Valuation
Lockheed Martin	Defense Industry	\$ 121,053,438	0.82%
Duke Realty LTD PS	Real Estate	117,894,403	0.80%
Poly America LP	Manufacturing	107,626,258	0.73%
Grand Prairie Outlets LLC	Outlet Mall	100,248,779	0.68%
Bell Helicopter-Textron Inc.	Defense Industry	96,810,273	0.66%
Oncor Electric Delivery	Utility	89,916,171	0.61%
CHI/Wildlife 5 LP	Real Estate	83,173,050	0.56%
2803 Riverside Apt Investors LLC	Real Estate	59,390,000	0.40%
Mars Partners LTD	Real Estate	53,345,234	0.36%
Haier US Appliance Solutions Inc.	Manufacturing	49,913,243	0.34%
		<u>\$ 879,370,849</u>	<u>5.96%</u>

(1) Source: The Appraisal District.

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law or the City’s Home Rule Charter (see “TAX INFORMATION – Tax Rate Limitation”).

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” (the “MAC Reports”) published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued Tax Debt since the date of the MAC Reports, and such entities may have programs requiring the issuance of substantial amounts of Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Body	2018/2019		G.O. Debt as of 5/31/2019	Estimated % Overlapping	Overlapping G.O. Debt
	Taxable Assessed Valuation	2018/2019 Tax Rate			
Arlington Independent School District	\$ 27,332,963,659	\$ 1.3687	\$ 766,072,018	18.70%	\$ 143,255,467
Cedar Hill Independent School District	3,599,590,013	1.3760	108,705,013	4.82%	5,239,582
Dallas County	243,677,733,215	0.2431	166,685,000	2.81%	4,683,849
Dallas County Community College District	250,711,265,787	0.1242	182,800,000	2.81%	5,136,680
Dallas County Flood Control District #1	167,070,378	1.8000	23,355,000	0.79%	184,505
Parkland Hospital District	244,186,272,009	0.2794	687,775,000	2.83%	19,464,033
Dallas County Schools	207,228,323,960	0.0090	33,815,000	2.83%	956,965
Ellis County	15,355,774,687	0.3710	35,325,000	0.07%	24,728
Grand Prairie Independent School District	7,290,227,263	1.5950	478,515,000	90.96%	435,257,244
Irving Independent School District	13,439,011,068	1.4011	407,935,000	0.72%	2,937,132
Mansfield Independent School District	13,804,138,953	1.5400	773,725,000	13.49%	104,375,503
Midlothian Independent School District	4,499,126,313	1.5400	356,066,373	0.21%	747,739
Tarrant County	180,110,821,859	0.2340	294,500,000	4.07%	11,986,150
Tarrant County Hospital District	180,270,255,261	0.2244	17,735,000	4.07%	721,815
			<u>\$ 4,333,008,404</u>		<u>\$ 734,971,389</u>
City of Grand Prairie	\$ 14,755,015,593	\$ 0.6699	\$ 334,015,000 ⁽¹⁾	100.00%	\$ 334,015,000
Total Direct and Overlapping Debt.....					\$ 1,068,986,389
Total Direct and Overlapping Debt to City’s Taxable Assessed Value.....					7.24%

(1) Includes the Obligations, excludes the Refunded Obligations. Also includes the Taxable Series 2019B Certificates and the Taxable Series 2019 Notes being offered under a separate Official Statement. Preliminary, subject to change.

DEBT INFORMATION

TABLE 7 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service ⁽¹⁾			The Series 2019 Bonds ⁽²⁾			The Series 2019A Certificates ⁽²⁾			The Taxable Series 2019B Certificates ⁽²⁾			The Taxable Series 2019 Notes ⁽²⁾			Less: Self- Supporting Debt Service	Net General Obligation Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S			
2019	\$ 27,195,000	\$ 13,345,313	\$ 40,540,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,201,969	\$ 28,338,343	
2020	28,960,000	11,299,110	40,259,110	-	713,730	713,730	1,790,000	1,455,748	3,245,748	-	1,005,624	1,005,624	-	193,003	193,003	11,651,563	33,765,651	
2021	25,105,000	9,488,041	34,593,041	3,835,000	870,075	4,705,075	1,815,000	1,434,925	3,249,925	-	1,046,315	1,046,315	-	200,812	200,812	10,468,582	33,326,585	
2022	23,225,000	7,704,281	30,929,281	4,055,000	672,825	4,727,825	1,905,000	1,341,925	3,246,925	2,220,000	1,017,788	3,237,788	450,000	195,030	645,030	8,084,885	34,701,963	
2023	16,520,000	6,110,971	22,630,971	2,910,000	498,700	3,408,700	2,005,000	1,244,175	3,249,175	2,275,000	959,458	3,234,458	465,000	183,156	648,156	282,325	32,889,135	40.07%
2024	17,180,000	5,455,134	22,635,134	2,420,000	365,450	2,785,450	2,100,000	1,141,550	3,241,550	2,335,000	898,483	3,233,483	480,000	170,656	650,656	285,475	32,260,798	
2025	12,200,000	4,865,368	17,065,368	1,310,000	272,200	1,582,200	1,350,000	1,055,300	2,405,300	2,400,000	834,071	3,234,071	490,000	157,462	647,462	82,000	24,852,401	
2026	12,115,000	4,349,709	16,464,709	915,000	216,575	1,131,575	1,420,000	986,050	2,406,050	2,470,000	765,387	3,235,387	5,250,000	75,338	5,325,338	-	28,563,058	
2027	11,885,000	3,832,590	15,717,590	950,000	169,950	1,119,950	1,395,000	915,675	2,310,675	2,545,000	692,785	3,237,785	-	-	-	-	22,386,000	
2028	9,765,000	3,362,265	13,127,265	1,000,000	126,200	1,126,200	1,460,000	851,600	2,311,600	2,620,000	616,066	3,236,066	-	-	-	-	19,801,131	66.66%
2029	10,170,000	2,942,640	13,112,640	850,000	89,200	939,200	1,520,000	792,000	2,312,000	2,700,000	535,059	3,235,059	-	-	-	-	19,598,899	
2030	9,055,000	2,555,887	11,610,887	885,000	54,500	939,500	1,580,000	730,000	2,310,000	2,785,000	449,472	3,234,472	-	-	-	-	18,094,859	
2031	9,015,000	2,216,380	11,231,380	920,000	18,400	938,400	1,645,000	665,500	2,310,500	2,880,000	358,242	3,238,242	-	-	-	-	17,718,522	
2032	9,360,000	1,880,479	11,240,479	-	-	-	1,710,000	598,400	2,308,400	2,975,000	261,769	3,236,769	-	-	-	-	16,785,647	
2033	9,720,000	1,514,528	11,234,528	-	-	-	1,780,000	528,600	2,308,600	3,075,000	160,570	3,235,570	-	-	-	-	16,778,698	86.77%
2034	9,280,000	1,125,369	10,405,369	-	-	-	1,855,000	455,900	2,310,900	3,180,000	54,378	3,234,378	-	-	-	-	15,950,647	
2035	7,700,000	772,906	8,472,906	-	-	-	1,930,000	380,200	2,310,200	-	-	-	-	-	-	-	10,783,106	
2036	6,095,000	490,700	6,585,700	-	-	-	2,010,000	301,400	2,311,400	-	-	-	-	-	-	-	8,897,100	
2037	3,995,000	288,900	4,283,900	-	-	-	2,090,000	219,400	2,309,400	-	-	-	-	-	-	-	6,593,300	
2038	2,560,000	157,800	2,717,800	-	-	-	2,175,000	134,100	2,309,100	-	-	-	-	-	-	-	5,026,900	98.64%
2039	2,665,000	53,300	2,718,300	-	-	-	2,265,000	45,300	2,310,300	-	-	-	-	-	-	-	5,028,600	100.00%
	\$ 263,765,000	\$ 83,811,670	\$ 347,576,670	\$ 20,050,000	\$ 4,067,805	\$ 24,117,805	\$ 35,800,000	\$ 15,277,748	\$ 51,077,748	\$ 34,460,000	\$ 9,655,465	\$ 44,115,465	\$ 7,135,000	\$ 1,175,455	\$ 8,310,455	\$ 43,056,799	\$ 432,141,343	

(1) Interest on the Combination Tax & Tax Increment Revenue Certificates of Obligation, Series 2001 and Tax & Revenue Certificates of Obligation, Series 2008 is calculated at the maximum rate of 15%. Excludes the Refunded Obligations, relating to the Series 2019 Bonds. Preliminary, subject to change.
(2) Preliminary; Subject to Change.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION ⁽¹⁾

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2019		\$ 31,634,008
Interest and Sinking Fund 9/30/2018	\$ 5,535,816	
Budgeted 2019 Interest and Sinking Fund Tax Levy @ 98% Collection	29,779,463	
Prior year taxes and refunds	200,000	
TIFF Contribution	(579,138)	
Transfer from Section 8/Cemetery	50,000	
Total Available		<u>\$ 34,986,141</u>
Estimated Balance, Fiscal Year Ending 9/30/2019		\$ 3,352,133

(1) Data provided by the City.

TABLE 9 - COMPUTATION OF SELF-SUPPORTING DEBT

	Crime Control District ⁽¹⁾	Airport Fund	TIF #1	Westchester PID 1	Forum Estates PID 5
Resources Available for Debt Service Fiscal Year Ended 9/30/2018	\$ 16,185,875	\$ 453,389	\$ 12,192,267	\$ 520,570	\$ 330,201
Less: Revenue Bond Requirements, Fiscal Year Ended 9/30/2018	-	-	-	-	-
Balance Available for payment of Self-Supporting General Obligation Debt	\$ 16,185,875	\$ 453,389	\$ 12,192,267	\$ 520,570	\$ 330,201
General Obligation Bonds and Certificates of Obligation Debt Service Requirements, Fiscal Year Ended 9/30/2019	5,185,959	196,979	3,965,520	183,600	83,600
Balance	\$ 10,999,916	\$ 256,410	\$ 8,226,748	\$ 336,970	\$ 246,601
Percentage of System General Obligation Bonds and Certificates of Obligation Self-Supporting	100.00%	100.00%	100.00%	100.00%	100.00%

(1) Preliminary, subject to change.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount		
		Authorized Amount	Previously Issued	Unissued Balance
Solid Waste	12/08/90	\$ 180,000	\$ 75,000	\$ 105,000
Streets/Signal	11/06/01	56,000,000	55,959,773	40,227
Storm Drainage	11/06/01	8,200,000	6,576,573	1,623,427
Public Safety	11/06/01	11,800,000	11,800,000	-
		<u>\$ 76,180,000</u>	<u>\$ 74,411,346</u>	<u>\$ 1,768,654</u>

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT. . . . The City is issuing concurrently, under a separate Official Statement, approximately \$34,460,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2019B and approximately \$7,135,000 in Combination Tax and Revenue Tax Notes, Taxable Series 2019, which are estimated to close on August 29, 2019.

OTHER OBLIGATIONS . . . The City has no other property tax-supported debt outstanding as of the date of this Official Statement except as described herein.

RETIREMENT PLAN . . . All eligible employees of the City are members of the Texas Municipal Retirement System ("TMRS"). Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. The Plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the Plan.

If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The Plan provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS and within the actual constraints also in the statutes.

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Fiscal Year	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
2012	\$ 323,972,818	\$ 385,345,197	84.10%	\$ 61,372,379	\$ 64,693,060	94.87%
2013	349,460,132	405,074,405	86.30%	55,614,273	66,435,664	83.70%
2014	376,082,419	450,523,220	83.50%	74,440,801	68,769,035	108.25%
2015	401,667,459	470,075,530	85.40%	68,408,071	77,244,326	88.56%
2016	426,404,111	496,727,015	85.80%	70,322,904	82,113,476	85.64%
2017	444,611,622	525,359,395	90.84%	80,747,733	88,720,932	91.01%

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits through the Texas Municipal Retirement System, the City has opted to provide eligible retired employees with the following post-employment benefits:

Eligible retirees may purchase health insurance from the City's healthcare provider. The cost of insurance varies based on date retired, plan selected, and years of Grand Prairie service. The cost of coverage is shared between the City and the retiree in varying increments based on the above factors.

Eligible retirees may purchase health insurance from the City's healthcare provider at the City's cost to cover current employees for dependents if the dependents were covered consecutively during the past two years prior to the retirement date. The cost of insurance varies based on date retired, plan selected, and years of Grand Prairie service. The cost of coverage is shared between the City and the retiree in varying increments based on the above factors.

The City recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The appropriation for the fiscal year ending September 30, 2017 was \$3,091,028. The budgeted amount for such benefits in the fiscal year ending September 30, 2018 was \$3,833,909.

In fiscal 2007, the City implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The City has performed an actuarial valuation of its post-retirement benefit liability. It has engaged an independent actuarial firm to prepare a valuation. The City reviewed the study and plans to comply with legal requirements to perform additional studies in the future at the required intervals. The actuarial liability is estimated at \$55,800,537 at September 30, 2018.

For more information concerning the City's post-employment benefits, see the financial statements of the City, and the notes thereto.

TABLE 11 - CHANGE IN NET POSITION

	Fiscal Year Ending, September 30,				
	2018	2017	2016	2015	2014
Revenues					
Fees, Fines and Charges for Services	\$ 47,831,146	\$ 50,349,054	\$ 45,025,523	\$ 34,849,122	\$ 37,100,501
Operating Grants and Contributions	36,511,876	35,572,942	37,024,064	33,329,097	34,980,362
Capital Grants and Contributions	3,971,782	8,305,146	8,807,012	1,232,805	4,020,110
General Revenues:					
Property Taxes	\$ 94,648,690	\$ 84,925,774	\$ 77,923,990	\$ 73,070,467	\$ 77,334,662
Sales Taxes	64,250,717	60,585,824	57,076,997	53,494,773	50,846,972
Other Taxes and Assessments	2,208,298	2,015,917	1,791,075	1,713,865	1,550,172
Franchise Fees	14,485,521	9,996,934	13,928,847	14,089,158	13,315,452
Investment Income	3,506,788	2,425,419	2,173,508	1,609,156	652,067
Other	-	-	-	-	-
Total Revenues	\$ 267,414,818	\$ 254,177,010	\$ 243,751,016	\$ 213,388,443	\$ 219,800,298
Expenses					
Support Services	\$ 27,614,430	\$ 26,731,588	\$ 23,045,026	\$ 22,102,591	\$ 20,400,867
Public Safety	101,033,502	100,253,923	91,860,495	80,359,190	80,333,290
Recreation and Leisure	33,942,742	32,962,890	29,709,690	26,746,861	25,255,982
Development and Other Services	97,241,362	90,088,069	88,963,122	77,263,159	75,473,057
Interest on Long-Term Debt	12,481,762	12,108,299	12,374,896	8,019,147	7,922,519
	\$ 272,313,798	\$ 262,144,769	\$ 245,953,229	\$ 214,490,948	\$ 209,385,715
Increase in net position before transfers	\$ (4,898,980)	\$ (7,967,759)	\$ (2,202,213)	\$ (1,102,505)	\$ 10,414,583
Transfers, net	6,272,419	5,271,645	5,346,108	2,403,135	4,286,373
Increase (decrease) in net assets	\$ 1,373,439	\$ (2,696,114)	\$ 3,143,895	\$ 1,300,630	\$ 14,700,956
Prior period adjustments	\$ (49,038,142)	\$ -	\$ -	\$ (37,358,089)	\$ -
Net position - beginning	405,407,435	408,103,549	404,959,654	441,017,113	426,316,157
Net position - ending	\$ 357,742,732	\$ 405,407,435	\$ 408,103,549	\$ 404,959,654	\$ 441,017,113

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TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Revenues:					
Property Taxes	\$ 61,122,847	\$ 56,275,511	\$ 53,681,627	\$ 50,336,919	\$ 45,315,907
Sales Taxes	31,532,937	29,804,519	27,922,103	26,407,761	25,162,422
Franchise Fees	14,485,521	13,805,938	13,928,847	14,089,158	13,315,452
Charges for Services	5,847,113	5,676,907	5,796,986	5,335,832	5,355,348
Fines and Forfeitures	7,337,547	7,633,756	7,740,514	7,279,318	7,312,495
Licenses and Permits	3,000,527	3,080,890	3,457,438	2,813,341	2,909,002
Interest	3,213,375	2,065,665	1,833,724	1,600,927	628,887
Other	8,372,846	8,377,136	8,156,437	6,252,157	6,220,640
Total Revenues	\$ 134,912,713	\$ 126,720,322	\$ 122,517,676	\$ 114,115,413	\$ 106,220,153
Expenditures:					
Administrative Services	\$ 22,333,632	\$ 20,899,884	\$ 18,145,433	\$ 16,574,203	\$ 14,690,989
Public Safety Services	84,283,161	78,678,246	73,478,242	70,907,083	68,546,747
Development Service and Other	12,947,245	12,686,050	12,391,453	12,273,830	12,102,508
Recreation and Leisure Services	2,760,622	2,591,734	2,398,214	1,958,463	1,931,941
Capital Outlays	1,086,949	1,305,324	1,668,480	1,287,895	848,634
Total Expenditures	\$ 123,411,609	\$ 116,161,238	\$ 108,081,822	\$ 103,001,474	\$ 98,120,819
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 11,501,104	\$ 10,559,084	\$ 14,435,854	\$ 11,113,939	\$ 8,099,334
Transfer in (Out) Net	(10,106,151)	(11,110,985)	(11,794,063)	(8,674,408)	(13,413,933)
Proceeds for sale of capital assets	1,003,393	886,711	621,458	556,696	613,163
Beginning Fund Balance	31,346,705	31,011,895	27,748,646	24,115,372	28,816,808
Prior period adjustments	-	-	-	637,047	-
Ending Fund Balance	\$ 33,745,051	\$ 31,346,705	\$ 31,011,895	\$ 27,748,646	\$ 24,115,372

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TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	City	Parks & Rec.	Streets	Baseball Stadium ⁽¹⁾	Senior Center ⁽¹⁾	Crime Control	Epic ⁽¹⁾	Total	Equivalent of Total Ad Valorem Tax Rate ⁽²⁾
2015	\$ 26,407,761	\$ 6,752,015	\$ 6,752,014	\$ 3,376,007	\$ 3,376,007	\$ 6,670,193	\$ -	\$ 53,333,997	\$0.2380
2016	27,922,103	7,268,076	7,268,076	-	-	7,189,890	7,268,076	56,916,221	0.2517
2017	29,804,519	7,667,736	7,667,736	-	-	7,717,930	7,667,736	60,525,657	0.2420
2018	31,532,937	8,207,902	8,207,902	-	-	8,094,074	8,207,902	64,250,717	0.2332
2019 ⁽³⁾	16,725,844	4,181,461	4,181,461	-	-	4,149,929	4,181,461	33,420,156	0.1110

(1) At an election held on May 10, 2014, voters abolished the City's two additional 1/8% local sales and use taxes as authorized under Section 334.089, Local Government Code, effective September 30, 2015, and adopted a new additional 1/4% City sales and use tax for the City's Central Park project as permitted under the provisions of Chapter 334, Local Government Code, effective October 1, 2015. The additional sales tax receipts will be used to pay the cost associated with the project. The City began collecting the tax on October 1, 2015.

(2) City general fund only.

(3) Collections through May 2019 on a cash basis.

SALES TAX ELECTIONS

The voters approved a 1/4% local sales and use tax rate at an election held on November 2, 1999 under Section 334.021 of Chapter 334, Local Government Code. The additional sales tax receipts are used exclusively for costs associated with the municipal parks and recreation system as defined in Section 334.001(4)(D). The City began collecting the tax in April 2000. The sales tax authorized by the November 2, 1999 election is not pledged to nor available for payment on the Obligations.

The voters approved a 1/4% local sales and use tax rate at an election held on November 6, 2001 under Chapter 327 Subtitle C, Title 3, Tax Code. The additional sales tax receipts are used exclusively for street repair maintenance. The 1/4 cent sales tax has a life of 4 years unless re-approved by the voters. The sales tax authorized by the November 6, 2001 election is not pledged to or available for payment of the Obligations. The sales tax was reauthorized in May 2009 and again in May 2017 for 8 years.

On May 12, 2007 voters approved a 1/2% sales tax to be utilized in a 1/4% and two 1/8% increments for the following projects:

- A 1/4% local sales and use tax under Section 363.054, Local Government Code for Crime Control and Prevention District to fund a new Police Center.

- A 1/8% local sales and use tax for a new Senior Center.

- A 1/8% local sales and use tax for a minor league baseball stadium.

The additional sales tax receipts were to be exclusively for costs associated with each of the projects. The City began collecting the tax on October 1, 2007. Such sales tax is not pledged to or available for payment of the Obligations.

At an election held on May 10, 2014, voters abolished the City's two additional 1/8% local sales and use taxes for the Senior Center and the minor League Baseball Stadium as authorized in 2007 under Section 334.089, Local Government Code, effective September 30, 2015, and adopted a new additional 1/4% city sales and use tax for the City's Central Park project as permitted under the provisions of Chapter 334, Local Government Code, effective October 1, 2015. The additional sales tax receipts will be used to pay the costs associated with the City's Central Park project. The City began collecting the tax on October 1, 2015. Such sales tax is not pledged to or available for payment of the Obligations.

At an election on May 12, 2012, the 1/4% sales tax for the Crime Control and Prevention District was re-authorized for a period of ten years.

DEVELOPMENT FEES

The new impact fees will be used for water improvements and wastewater improvements and are not pledged to the payment of the debt service requirements of the Obligations. Impact fees for roadway improvements were eliminated in 2001. Each of the two types of fees are developed separately based upon excess capacity of existing infrastructure and projected construction of capital improvements over the next 10 years. Revenues generated by impact fees can only be used to finance the improvements identified in an adopted Capital Improvements Plan. The City must update land use assumptions and capital improvements plans every three years.

FYE	Impact Fee Revenues	
	Water	Wastewater
2015	\$ 1,409,396	\$ 380,484
2016	1,892,680	514,323
2017	1,403,218	404,663
2018	1,910,802	827,434
2019 ⁽¹⁾	1,075,784	427,744

(1) Through May 2019. Unaudited.

The City created a storm water utility under the Texas Municipal Drainage Utility Systems Act. Such Act provides for the creation of a storm water utility to provide storm water services including planning, operations, maintenance, and capital improvements for storm water runoff. Such Act also provides for collection of user fees based on storm water runoff volumes.

COMPENSATED ABSENCES

The City's accrued unfunded compensated absences liability is approximately \$18,549,050 as of September 30, 2018.

RISK MANAGEMENT

Property, liability, safety, workers' compensation and health and wellness insurance are accounted for in the Risk Management Fund, an internal service fund. Net expenses of these programs in property 2017-18 is \$4,715,378, liability and workers' compensation and \$16,192,378 for employee health and wellness insurance.

Beginning October 1, 1991, the City placed all of its property, liability and workers' compensation coverage with Texas Municipal League Intergovernmental Risk Pool. The limits of liability and retention vary according to type of coverage provided.

The operating funds are charged premiums for property, liability, workers' compensation and employee health coverage by the Risk Management Fund. Employees pay for dependent health coverage independently. The incurred but unreported claims for these programs as of September 30, 2018 were \$3,971,327.

The City allows retired employees to continue participating in its group health insurance program after retirement with all premiums paid by the retirees.

FINANCIAL MANAGEMENT POLICIES

The City Council and staff make financial decisions throughout the year based upon financial guidelines. The Financial Management Policies (FMP) provides a framework, or master plan, within which to make operating and capital budget decisions, as well as other financial decisions. The primary objective of the FMP is to enable the City to achieve a long-term stable and positive financial condition.

The policies which were originally approved by City Council resolution on February 9, 1988 and are updated annually address the following subjects: accounting, auditing and financial reporting, internal controls, operating budget, capital budget and program, revenue management, expenditure control, asset management, financial condition and reserves, debt management, and staffing and training. Significant issues addressed by the policies include the following:

BASIS OF ACCOUNTING . . . The City policy is to adhere to the accounting principles established by the Governmental Accounting Standards Board, as amended.

GENERAL FUND BALANCE . . . The City's goal is to maintain between 50 and 60 days of expenditures of the General Fund expenditures budget in the General Fund resources balance.

DEBT SERVICE FUND BALANCE . . . The City policy is to maintain balances of no greater than one month of principal and interest requirements except that the City's revenue bond policy and bond ordinance requirement are to maintain revenue supported debt service reserves at the level of the average annual debt service plus an amount accrued for the debt service payment.

USE OF BOND PROCEEDS, GRANTS, ETC . . . The City policy is to use bond proceeds only for major assets with expected lives which equal or exceed the average life of the debt issue.

BUDGETARY PROCEDURES . . . The City policy is to pay for current expenditures with certain revenues and to utilize reserves only for emergencies. The annual operating budget shall provide for operation and maintenance of capital plant.

FUND INVESTMENTS . . . The City policy is to invest its cash with three objectives in mind listed in order of priority: safety, liquidity and yield. Unrestricted idle cash is pooled for short-term investment in government securities, money market mutual funds and local government investment pools. The mix and term of investments is determined based on the City's liquidity needs and the yield curve.

TAX ABATEMENT . . . The City policy is to grant tax abatement for the development of new facilities or the expansion of existing facilities for which the life of the facility exceeds the life of the abatement. For properties not in an enterprise zone, total investment must exceed \$5,000,000, total job creation must exceed 25 permanent positions, the abatement period may not exceed 10 years and the abatement percentage may not exceed 75%.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS. Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a

primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pay no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bear no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES. . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio; and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS. . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio and requires an interpretation of subjective investment standards) and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds

held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

The City Manager designates the Chief Financial Officer as the City's chief investment officer. The Treasurer, Controller, and Treasury Analyst are designated as additional investment officers. The Chief Financial Officer is responsible for the City's comprehensive cash management program, including the administration of the Investment Policies. The Chief Financial Officer is responsible for considering the quality and capability of staff involved in investment management and procedures. The Chief Financial Officer shall be responsible for authorizing investments and the Treasurer shall account for investments and pledged collateral in order to maintain appropriate internal controls. The Controller shall be responsible for recording investments in the City's books of accounts. The Internal Audit staff shall audit records monthly and the external auditors will review for management controls on investments and adherence to policy as required by law.

INVESTMENT COMMITTEE

An Investment Committee consisting of the Deputy City Manager, Chief Financial Officer, Assistant CFO and Chief Accountant shall meet as frequently as necessary to review the City's investment portfolio. The Committee shall also meet as necessary to add or delete a financial institution or broker/dealer from the list of institutions with which the City may do business or to conduct other business. The committee shall also meet to review prospectuses, financial statements and other performance data on money market mutual funds and shall formulate recommendations on the advisability of investing in specific funds for the consideration of the City Council.

Any three of the five Investment Committee members constitute a quorum. The Treasurer shall serve as chairman of the committee, and written record of Investment Committee meetings shall be maintained.

A. Authorized Investments

The City may invest in:

1. Obligations of the United States or its agencies and instrumentalities (except for derivatives and mortgage pass-through securities).
2. Repurchase agreements whose underlying collateral consists of obligations of the United States or its agencies and instrumentalities, has a defined termination date, requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity, and is placed through a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in this state. Repurchase agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations of the United States or its agencies and instrumentalities. The term may not exceed 90 days.
3. Municipal Securities (State, City, County, school or road district general obligation or revenue bonds) (out-of-state bonds shall only be general obligation bonds) with a remaining maturity of three years or less which have received a rating by at least two nationally recognized credit rating agencies of at least A or its equivalent.
4. Commercial paper with a stated maturity of 90 days or less from the date of its issuance that is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof. The Sports Corp only allows this quality of commercial paper if managed through a local government investment pool.
5. Prime domestic bankers' acceptances meaning a bankers' acceptance with a stated maturity of 270 days or less from the date of its issuance that will be, in accordance with its terms, liquidated in full at maturity, that is eligible for collateral for borrowing from a Federal Reserve bank, and that is accepted by a bank organized and existing under the laws of the United States or any state the short-term obligations of which (or of a bank holding company of which the bank is the largest subsidiary) are rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency. The Sports Corp only allows this investment as part of a local government investment pool.
6. Public Funds Investment Pool with a weighted average maturity of 90 days or less whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. An investment pool shall invest funds in authorized investments permitted by the Public Funds Investment Act. The pool must enter into a contract approved (by resolution) by the Grand Prairie City Council to provide investment services to the City or by the Sports Corporation Board to provide services to the Sports Corp.

The pool must be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service. The pool must provide monthly reports that contain:

- the types and percentage breakdown of securities in which the pool is invested;
 - the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - the size of the pool;
 - the number of participants in the pool;
 - the custodian bank that is safekeeping the assets of the pool;
 - a listing of daily transaction activity of the entity participating in the pool;
 - the yield and expense ratio of the pool, including a statement regarding how yield is calculated;
 - the portfolio managers of the pool; and
 - any changes or addenda to the offering circular.
- a. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool that uses amortize cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations if the federal Securities and Exchange Commission applicable to reporting by money market funds.
- b. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed;
1. equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or
 2. of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.
- c. To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service.
7. An SEC-registered, no-load money market mutual fund approved (by resolution) by the City Council with a dollar-weighted average portfolio maturity of 90 days or less whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. By state law the City is not authorized to invest in the aggregate more than 80 percent of its monthly average fund balance, excluding bond proceeds, in money market mutual funds described in this subsection or to invest its funds or funds under its control, excluding bond proceeds, in any one money market mutual fund in an amount that exceeds 10 percent of the total assets of the money market mutual fund.
8. Collateralized or insured certificates of deposit and other evidences of deposit at federally insured banks, fully guaranteed or insured by the FDIC (Federal Deposit Insurance Corporation)\ in the State of Texas.

B. Diversification

Investments shall be diversified to reduce the risk of loss resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities.

The asset mix of the City's portfolio is expressed in terms of maximum commitment so as to allow flexibility to take advantage of market conditions.

The asset mix requirements are as follows:

	<u>% Maximum</u>
1. U.S. Treasury Bills and Notes	100
2. U.S. Agency or Instrumentality Obligations (each type)	25 *
3. Repurchase Agreements	20
4. Municipal Securities (total)	40
5. Municipal Securities (out-of-state)	20
6. Certificates of Deposit (per institution)	20
7. Money Market Mutual Fund	50 **
8. Public Funds Investment Pool	50

* Total Agency investments limited to no more than 100% of the total portfolio.

** Limited by State law to 80% of monthly average fund balance, excluding bond proceeds.

C. Qualifying Institutions

Financial institutions (Federally insured banks) with and through which the City invests in certificates of deposit shall be located in the State of Texas. Broker/dealers through whom the City purchases U.S. Government securities may include only those dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York, also known as the "primary government securities dealers" and First Southwest Company except that repurchase agreements shall not be executed through First Southwest Company. In addition, other regional brokers/dealers may be considered by the Investment Committee.

D. Collateral Securities for Certificates of Deposit and Demand Accounts

The City will accept as collateral for its certificates of deposit and demand accounts and other evidences of deposit the following securities:

- FDIC Coverage
- U.S. Treasury Bills
- U.S. Treasury Notes and Bonds
- State, city, county, school, or road district general obligation or revenue bonds*, except that out-of-state bonds shall be limited to general obligation bonds
- City of Grand Prairie revenue bonds or general obligation bonds, time warrants, and certificates of obligation
- U.S. Government Agency and Instrumentality obligations (except for mortgage pass-through securities).

*The securities must be rated at least "A" by one of the nationally recognized rating services. Collateral consisting of out-of-state bonds shall be limited to 10% of the total collateral pledged by a financial institution.

The securities shall be marked-to-market no less frequently than monthly, and the ratio of collateral market value to amount invested plus accrued interest shall be no less than 105%.

TABLE 14 - CURRENT INVESTMENTS

As of March 31, 2019, the City's investable funds were invested in the following categories:

<u>Type of Investment</u>	<u>Percentage</u>	<u>Total Cost</u>
Local Government Pools and Money Market Funds	35.70%	\$ 130,200,107
Federal Agency and Instrumentality Notes	64.30%	234,518,442
		<u>\$ 364,718,549</u>

TAX MATTERS

TAX EXEMPTION. . . Each delivery of the Obligations is subject to the opinion of Bond Counsel on such date of delivery to the effect that interest on such Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The forms of Bond Counsel's opinions relating to the Obligations are reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in certificates dated the respective dates of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Ordinances subsequent to the issuance of the Obligations. The Ordinances contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to holders of the Obligations of the exclusion of interest on the Obligations from gross income for federal income tax purposes, including prior to the delivery of the Bonds. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS. . . The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Bonds or Certificates, respectively, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income

tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Obligations (the "Premium Obligations") may be greater than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Bonds or Certificates, respectively, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Obligations. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the registered and beneficial owners of each series of the Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS. . . . The City will provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 5 and 7 through 14 and (2) within twelve months after the end of each fiscal year ending in or after 2019, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS. . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under “- Annual Reports” and any notices of events in accordance with this section.

For these purposes, (A) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (B) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION. . . The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. However, certain CUSIPs were inadvertently omitted from certain continuing disclosure filings made by the City for Fiscal Years 2014 and 2015. The City corrected these clerical errors in 2016 and 2017.

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OTHER INFORMATION

RATINGS

The Obligations have been rated “AAA” with a stable outlook by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) and “AA+” with a positive outlook by Fitch Ratings, Inc. (“Fitch”) without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

City staff believes there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (V.T.C.A., Chapter 1201, Government Code, as amended) provides that the Obligations are negotiable instruments, investment securities governed by V.T.C.A., Chapter 8, Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, V.T.C.A., Government Code, Chapter 2256, as amended, requires that the Obligations be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – Ratings” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states. No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes.

LEGAL OPINIONS

The City will furnish to the Underwriters complete transcripts of proceedings had incident to the authorization and issuance of the Bonds and the Certificates, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and the Initial Certificate, respectively, to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the respective Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions “PLAN OF FINANCING – Refunded Obligations”, “THE OBLIGATIONS” (except for the information under the subcaptions “Book-Entry-Only System,” “Obligationholders’ Remedies” and the last sentence under “Tax Rate Limitations”), “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” (except for the information under the subcaption “Compliance with Prior Undertakings”), and the subcaptions “Registration and Qualification of Obligations for Sale,” “Legal Investments and Eligibility to Secure Public

Funds in Texas” and “Legal Opinions” (except for the last sentence of the first paragraph thereof) under the caption “OTHER INFORMATION” and Appendix C in the Official Statement and such firm is of the opinion that the information relating to the Obligations and the legal issues contained under such captions, subcaptions and appendix is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the provisions of the respective Ordinances. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The respective legal opinions will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain matters relating to the Obligations will be passed upon for the Underwriters by Locke Lord LLP, Dallas, Texas, Counsel to the Underwriters, whose fee is contingent upon the sale and delivery of the Obligations.

The legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the City, on or before the Settlement Date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) mathematical computations of yield.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, Public Finance Partners LLC has relied on any information provided to it by the City retained advisors, consultants or legal counsel.

FINANCIAL ADVISOR

HilltopSecurities is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING FOR THE OBLIGATIONS

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price of \$_____, representing the par amount thereof, plus a [net] premium of \$_____, less an underwriting discount of \$_____. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a price of \$_____, representing the par amount thereof, plus a [net] premium of \$_____, less an underwriting discount of \$_____. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates and such public offering prices may be changed, from time to time, by the Underwriters.

Stifel, Nicolaus & Company, Incorporated has previously made charitable contributions to PlayGrand Adventures (“PlayGrand”). PlayGrand is a nonprofit corporation organized and existing under the laws of the State. PlayGrand was established to fund certain projects of the Grand Central PlayGrand Adventures project in partnership with the City of Grand Prairie Parks, Arts and Recreations Department.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain

circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and Bonds and Certificates are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Each of the Ordinances authorizing the issuance of the Obligations will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and will authorize its further use in the reoffering of the Obligations by the Underwriters.

Mayor
City of Grand Prairie, Texas

ATTEST:

City Secretary
City of Grand Prairie, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

SCHEDULE I***SCHEDULE OF REFUNDED OBLIGATIONS****Combination Tax and Revenue Certificates of Obligation, Series 2011A**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Date and Price of Redemption</u>
11/1/2011	2/15/2021	3.000%	\$ 365,000	2/15/2020 @ Par
	2/15/2022	3.000%	380,000	2/15/2020 @ Par
	2/15/2023	3.125%	390,000	2/15/2020 @ Par
	2/15/2024	3.300%	400,000	2/15/2020 @ Par
	2/15/2025	3.500%	415,000	2/15/2020 @ Par
	2/15/2026	3.600%	430,000	2/15/2020 @ Par
	2/15/2027	3.700%	445,000	2/15/2020 @ Par
	2/15/2028	3.800%	465,000	2/15/2020 @ Par
	2/15/2029	4.000%	485,000	2/15/2020 @ Par
	2/15/2030	4.000%	500,000	2/15/2020 @ Par
	2/15/2031	4.000%	525,000	2/15/2020 @ Par
			<u>\$ 4,800,000</u>	

General Obligation Refunding and Improvement Bonds, Series 2011A

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Date and Price of Redemption</u>
11/1/2011	2/15/2021	4.000%	\$ 2,665,000	2/15/2020 @ Par
	2/15/2022	4.000%	965,000	2/15/2020 @ Par
	2/15/2022	3.000%	1,815,000	2/15/2020 @ Par
	2/15/2023	4.000%	1,545,000	2/15/2020 @ Par
	2/15/2024	4.000%	1,610,000	2/15/2020 @ Par
	2/15/2025	3.500%	440,000	2/15/2020 @ Par
			<u>\$ 9,040,000</u>	

*Preliminary, subject to change.

Combination Tax and Revenue Certificates of Obligation, Series 2011

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Date and Price of Redemption</u>
2/1/2011	2/15/2021	4.000%	\$ 290,000	2/15/2020 @ Par
	2/15/2022	5.000%	300,000	2/15/2020 @ Par
	2/15/2023	5.000%	315,000	2/15/2020 @ Par
	2/15/2024	5.000%	335,000	2/15/2020 @ Par
	2/15/2025	5.000%	350,000	2/15/2020 @ Par
	2/15/2026	5.000%	370,000	2/15/2020 @ Par
	2/15/2027	5.000%	385,000	2/15/2020 @ Par
	2/15/2028	5.000%	405,000	2/15/2020 @ Par
	2/15/2029	5.100%	425,000	2/15/2020 @ Par
	2/15/2030	5.200%	450,000	2/15/2020 @ Par
	2/15/2031	5.300%	475,000	2/15/2020 @ Par
			<u>\$ 4,100,000</u>	

General Obligation Refunding and Improvement Bonds, Series 2011

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Date and Price of Redemption</u>
2/1/2011	2/15/2021	4.125%	\$ 745,000	2/15/2020 @ Par
	2/15/2022	4.250%	775,000	2/15/2020 @ Par
	2/15/2023	4.250%	805,000	2/15/2020 @ Par
	2/15/2024	4.500%	205,000	2/15/2020 @ Par
	2/15/2025	4.625%	220,000	2/15/2020 @ Par
	2/15/2026	5.000%	225,000	2/15/2020 @ Par
	2/15/2027	5.000%	235,000	2/15/2020 @ Par
	2/15/2028	5.000%	250,000	2/15/2020 @ Par
	2/15/2029	5.100%	45,000	2/15/2020 @ Par
	2/15/2030	5.200%	50,000	2/15/2020 @ Par
	2/15/2031	5.300%	50,000	2/15/2020 @ Par
			<u>\$ 3,605,000</u>	

*Preliminary, subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

LOCATION

The City of Grand Prairie, Texas (the “City”), is centrally located amid the estimated 6 million people in the Dallas/Fort Worth Area. The City stretches 28 miles long by about eight miles at its widest point. The City covers about 80 square miles.

TRANSPORTATION

The City has access to four major interstate highway systems - I-20, I-30, I-35 & I-45 - five state highway systems - SH 360, SH 180, SH 303, SH 161, Loop 12 and FM 1382 - and U.S. 287 all run through the City, or are within 15-30 minutes of the City’s boundaries.

- IH 20: an eight-lane east-west expressway that passes through south of the City, linking the City to Dallas and Fort Worth. West of Fort Worth, IH 20 leads to Abilene and Odessa. Eastward destinations on IH 20 are Tyler, Longview and Shreveport, La.
- IH 30: a six-lane east-west expressway that passes through north of the City and also links the City to Dallas and Fort Worth. IH 30 links to IH 20 in west Fort Worth. Eastward destinations on IH 30 are Greenville, Texarkana and Arkansas.
- SH 360: a six-lane north-south expressway running along the western edge of the city, a key route to Dallas-Fort Worth International Airport.
- President George Bush Turnpike: a four and six-lane north-south tollway runs 10.5 miles through Grand Prairie from the northern City limits to I-20.

The City’s Municipal Airport serves small piston planes to large business turboprop aircraft and helicopters. The airport has a 4,000-foot-long, 75-foot-wide lighted, concrete runway, repair service and cargo handling, a helipad, dining facilities, and support facilities for training, private aviation and business flying activities. The airport is designated in the FAA National Plan of Integrated Airport System and the Texas Aeronautical Facilities Plan. Hangar space is available for nearly 233 aircraft, with tie-down space and FBO services available.

The Dallas/Fort Worth International Airport, the 3rd largest airport in the world in terms of operations (8th in terms of passengers), lies about five miles north of the City’s northern border. It serves 57 million passengers and provides nonstop service to 191 domestic and international destinations (www.dfwairport.com).

POPULATION

The estimated population for 2019 is 194,000. From the 1990 Census to the 2010 Census, the City's population increased 38 percent.

DEMOGRAPHICS

2010 Census estimates of the City Non-Hispanic population breakdown were 29.1 percent white, 19.6 percent black, 6.5 percent Asian and Pacific Islander, 0.4 percent American Indian, 1.7 percent other; Hispanic of any race comprises 42.7% of the population.

Age distribution estimates of residents, according to the 2010 Census, are 64.7 percent ages 21 and older, 6.9 percent older than 65, and 30.9 percent younger than 18.

The 2010 median household income was estimated to be \$51,368 (*American Community Survey Census*).

INDUSTRIAL BASE

Wholesale trade (distribution), manufacturing and retail trade companies are the largest industrial sectors in the City.

INDUSTRY PROFILE

<u>Industry</u>	<u>Percent of Total gross sales</u>
Wholesale Trade	32.42%
Manufacturing	24.62%
Retail Trade	21.89%
Construction	9.12%
Accommodation/Food Services	2.30%
Admin/Support/Waste Mgmt/Remediation Services	2.03%
Other Services (except Public Administration)	1.97%
Real Estate/Rental/Leasing	1.18%
Transportation/Warehousing	0.91%
Professional/Scientific/Technical Services	0.90%
Arts/Entertainment/Recreation	0.70%
Information	0.68%
Agriculture/Forestry/Fishing/Hunting	0.48%
Finance/Insurance	0.25%
Educational Services	0.18%
Health Care/Social Assistance	0.13%

Source: Texas Comptroller. As of December 2018.

LABOR FORCE

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2015	94,169	90,307	3,862	4.1%
2016	96,139	92,244	3,895	4.1%
2017	98,782	95,044	3,738	3.8%
2018	100,962	97,210	3,752	3.7%
2019 ⁽¹⁾	103,160	99,612	3,548	3.4%

Source: Texas Employment Commission.

(1) Data as of June 2019.

EMPLOYERS

<u>Company</u>	<u>Product-Service</u>	<u>Estimated Employees</u>
Grand Prairie Independent School District	Administration of Education Programs	4,100
Lockheed Martin Missiles and Fire Control	Research and Development in the Physical, Engineering, and Life	3,500
Poly-America Inc.	Unsupported Plastics Film and Sheet (except Packaging)	2,000
City of Grand Prairie	Public Administration	1,300
Bell Helicopter-Textron	Helicopter aircraft manufacturing	1,200
Lone Star Park at Grand Prairie	Racetracks	950
Forterra Pipe & Products, Inc.	Concrete Pipe Manufacturing	950
Republic National Distributing	Wine and Distilled Alcoholic Beverage Wholesalers	800
Flex-N-Gate	Auto Accessory Manufacturing	800
Arnold Transportation Services	General Freight Trucking	650

Source: The City. As of July 2019

RECREATION

Recreational facilities include the 7,500-acre Joe Pool Lake, championship-level Tangle Ridge Golf Club, Lone Star Park at Grand Prairie and more than 52 public parks on 4,900 acres.

Parks and Recreation facilities include an extreme skate park, two multipurpose recreation centers, an active adult center, a senior center, indoor pool, three outdoor pools, five softball and baseball complexes, two golf courses, 32 tennis courts, a soccer complex, a central park and the recently acquired lake parks on Joe Pool Lake.

Ripley's Believe It Or Not, The Palace of Wax and Trader's Village in the City are popular entertainment and shopping locations. Nearby are Six Flags over Texas in Arlington and zoos, art museums, symphonies and ballet in Dallas and Fort Worth.

- One of three Class 1 horse-racing tracks in Texas, Lone Star Park at Grand Prairie opened for live races in April 1997. The track's simulcast pavilion opened in mid-1996.
- Professional Sports: the Dallas Cowboys of the National Football League, the Texas Rangers of Major League Baseball, the Dallas Mavericks of the National Basketball Association, the Dallas Stars of the National Hockey League, the FC Dallas of Major League Soccer and the Grand Prairie Air Hogs of the American Associate of Independent Baseball. All have home games within 5-25 minutes of the City.
- NCAA-event schools: Southern Methodist University and Texas Christian University in Dallas and Fort Worth.

Cedar Hill State Park, just east of south of the City, offers 355, mostly wooded campsites in the Dallas-Fort Worth hill country. Among park facilities are two lighted fishing jetties and boat access to Joe Pool Lake.

EDUCATION

Seven public universities and eight independent universities, including health related education facilities, in the region totaled enrollment of 139,860 in 2010 (source: Texas Higher Education Coordinating Board). The universities, among them University of Texas campuses (Arlington and Dallas), offer programs from engineering to business and degrees from bachelor's to medical doctorates.

The Dallas and Tarrant counties public community colleges - the nearest of them Mountain View in Dallas, North Lake in Irving, Cedar Valley in Lancaster, the Southeast campus of Tarrant County College in Arlington, and El Centro in Dallas - counted over 140,000 students in 2010 (source: Texas Higher Education Coordinating Board). Additionally, three technically oriented post-secondary schools are within 30 minutes of the City.

In addition to their degree programs, many of these colleges and universities offer business consulting, employee training specific to a company's skill demands, community health care services, economic and land development research, computer and information services and library facilities open to the community.

Grand Prairie Independent School District (the "GPISD") and the Arlington Independent School District (the "AISD") predominate among the six school districts with boundaries in the City.

GPISD comprises 24 elementary schools, seven middle schools, two ninth grade centers, four senior high schools, one alternative education school and one early childhood center. Students whose residences are on the Dallas County side of the City attend GPISD.

Students who reside in Tarrant County and Grand Prairie attend AISD, which comprises of nine high schools, 13 junior high schools, and 52 elementary schools (six in the City). AISD has no junior high schools or high schools in the City.

APPENDIX B

EXCERPTS FROM THE
CITY OF GRAND PRAIRIE, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2018

The information contained in this Appendix consists of excerpts from the City of Grand Prairie, Texas Annual Financial Report for the Year Ended September 30, 2018, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Grand Prairie, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements for the Grand Prairie Housing Finance Corporation (a discretely presented component unit). Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grand Prairie Housing Finance Corporation is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Opinions

In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.C., in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension which supersedes GASB Statement No. 45. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budget to actual schedules for the General Fund and Section 8 Fund, Schedule of Changes in Postemployment Benefits-Retiree Health Plan, Schedule of Changes in Postemployment Benefits-Texas Municipal Retirement System, Schedule of Contributions-Texas Municipal Retirement System, and Schedule of Changes in Net Pension Liability and Related Ratios- Texas Municipal Retirement System listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

The combining and individual fund statements and schedules, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 14, 2019



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Management's Discussion and Analysis



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City of Grand Prairie, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2018
(Unaudited)

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Grand Prairie, Texas (the City) for the fiscal year ended September 30, 2018. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal, the introductory section of the City's financial statement, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2018 by \$616,178,581 (net position).
- The City's total net position increased \$16,246,175, for the fiscal year ended September 30, 2018, primarily due to increased property tax assessments and increased charge for services.
- At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$170,492,326. The \$30,344,160 unassigned fund balance in the General Fund represents 22.7% of total General Fund expenditures and transfers.
- The City's total long-term liabilities of \$559,842,968 decreased by \$20,246,332 (3.5%) during the current fiscal year. In fiscal year 2018, the City issued \$36,515,000 in Combination Tax and Revenue Certificates and \$2,755,000 in Water and Wastewater System Revenue Refunding Bonds. See Table 4 in this report for further information regarding the City's long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, including capital assets and long-term liabilities, and deferred inflows of resources. The differences between these items are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the city's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The Statement of Net Position and Statement of Activities divide the City's activities into two types:

Governmental Activities - Most of the City's basic services are reported here, including general government, public safety, planning, public works, transportation, housing, community development, cultural events, and library. Property taxes, sales taxes, and franchise fees provide the majority of financing for these activities.

Business-Type Activities - Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include a water and wastewater system, a solid waste sanitary landfill, a storm water utility system, municipal airport, and municipal golf courses.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Grand Prairie Sports Facilities Development Corporation, Inc. (the Sports Corporation) and the Grand Prairie Housing Finance Corporation (HFC) as component units. Both are legally, financially, and administratively autonomous separate corporations. HFC issues tax exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family developments, and engages in other affordable housing activities. The Sports Corporation oversees Lone Star Park at Grand Prairie, a horse track facility.

The Crime Control and Prevention District (CCPD) is a legally separate entity that is financially accountable to the City. A blended presentation has been used to report the financial information of this component unit.

Fund financial statements - The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2018

(Unaudited)

The City reports thirty individual governmental funds. Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures and Changes in Fund Balances for the City's six major funds - General Fund, Section 8 Fund, Streets CIP Fund, Grants Fund, Debt Service Fund, and the Epic CIP Fund. Data for other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds - The City maintains two different types of proprietary funds – enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities of the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater system, solid waste sanitary landfill, storm water utility, municipal airport, and municipal golf courses. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has five enterprise funds of which two are major enterprise funds – the Water Wastewater Fund and the Solid Waste Fund. Data from other nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle and equipment maintenance and the premiums, deductibles, and claims for all insurance programs (e.g. employee health, workers compensation, general liability, etc.). Because these services benefit both governmental and business-type functions, they have been allocated to both activities in the government-wide financial statements in proportion to services received. The City's two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the City's internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2018

(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City at September 30, 2018 were \$1,229,437,691, deferred outflows of resources were \$16,447,989, total liabilities were \$612,600,117, and deferred inflows of resources were \$17,106,982 resulting in a net position balance of \$616,159,296.

The largest portion of the City's net position, \$440,029,808 (71.4%), reflects its investment in capital assets (land, buildings and improvements, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 below is a summary of the City's net position at year end compared to the prior year.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017		9/30/2017		9/30/2017	
	As Restated	9/30/2018	As Restated	9/30/2018	As Restated	9/30/2018
Cash and investments	\$ 217,491,944	\$ 197,992,931	\$ 94,485,761	\$ 109,842,234	\$ 311,977,705	\$ 307,835,165
Other assets	20,928,321	21,559,545	8,877,980	9,942,867	29,806,301	31,502,412
Capital assets, net	615,207,846	656,874,694	232,935,130	233,225,420	848,142,976	890,100,114
Total assets	853,628,111	876,427,170	336,298,871	353,010,521	1,189,926,982	1,229,437,691
Deferred outflows of resources	30,091,673	14,636,899	3,650,570	1,811,090	33,742,243	16,447,989
Current liabilities	31,462,465	36,806,297	12,215,936	15,950,852	43,678,401	52,757,149
Long-term bonded debt	347,946,293	361,651,245	62,131,416	59,814,562	410,077,709	421,465,807
Other noncurrent liabilities	147,941,733	119,396,393	22,056,976	18,980,768	169,998,709	138,377,161
Total liabilities	527,350,491	517,853,935	96,404,328	94,746,182	623,754,819	612,600,117
Deferred inflows of resources	-	15,467,402	-	1,639,580	-	17,106,982
Net Position						
Net Investment in capital assets	278,750,450	266,214,537	174,505,410	173,815,271	453,255,860	440,029,808
Restricted	80,454,171	81,030,788	34,704,441	45,622,261	115,158,612	126,653,049
Unrestricted	(2,835,328)	10,497,407	34,335,262	38,998,317	31,499,934	49,495,724
Total net position	\$ 356,369,293	\$ 357,742,732	\$ 243,545,113	\$ 258,435,849	\$ 599,914,406	\$ 616,178,581

A portion of the City's net position totaling \$126,653,049, or 20.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$49,495,724 may be used to meet the government's ongoing obligations to citizen's and creditors.

The City's net position increased by \$16,264,175 from the prior fiscal year due to an increase in charges for services. While overall operating revenues and expenditures increased proportionately, overall water and wastewater rates increased 4.5%.

City of Grand Prairie, Texas
Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The fiscal year 2018 compared to fiscal 2017 changes in the City's net position were as follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018
	As Restated		As Restated		As Restated	
Revenues:						
Program revenues:						
Charges for services	\$ 50,349,054	\$ 49,663,004	\$ 96,324,864	\$ 102,321,210	\$ 146,673,918	\$ 151,984,214
Operating grants and contributor	35,572,942	35,266,428	47,918	67,537	35,620,860	35,333,965
Capital grants and contributions	8,305,146	3,971,782	12,892,511	11,983,724	21,197,657	15,955,506
General revenues:						
Property tax	84,925,774	94,648,690	-	-	84,925,774	94,648,690
Sales tax	60,585,824	64,250,717	-	-	60,585,824	64,250,717
Other tax	2,015,917	2,208,298	-	-	2,015,917	2,208,298
Franchise fees	9,996,934	14,485,521	-	-	9,996,934	14,485,521
Investment income	2,425,419	3,506,788	21,245	43,661	2,446,664	3,550,449
Total revenues	254,177,010	268,001,228	109,286,538	114,416,132	363,463,548	382,417,360
Expenses:						
Support services	26,731,588	27,614,430	-	-	26,731,588	27,614,430
Public safety services	100,253,923	101,033,502	-	-	100,253,923	101,033,502
Recreation and leisure services	32,962,890	34,529,152	-	-	32,962,890	34,529,152
Development services	90,088,069	97,241,362	-	-	90,088,069	97,241,362
Interest on long-term debt	12,108,299	12,481,762	-	-	12,108,299	12,481,762
Water and wastewater	-	-	70,569,705	72,412,983	70,569,705	72,412,983
Solid waste	-	-	12,317,620	12,339,638	12,317,620	12,339,638
Municipal airport	-	-	2,572,623	2,744,301	2,572,623	2,744,301
Municipal golf course	-	-	3,497,955	3,309,267	3,497,955	3,309,267
Storm water	-	-	2,425,177	2,446,788	2,425,177	2,446,788
Total expenses	262,144,769	272,900,208	91,383,080	93,252,977	353,527,849	366,153,185
Increases (decreases) in net position						
before transfers	(7,967,759)	(4,898,980)	17,903,458	21,163,155	9,935,699	16,264,175
Transfers	5,271,645	6,272,419	(5,271,645)	(6,272,419)	-	-
Capital asset reassignments	-	-	-	-	-	-
Change in net position	(2,696,114)	1,373,439	12,631,813	14,890,736	9,935,699	16,264,175
Net position - October 1	408,103,549	356,369,293	237,002,884	243,545,113	645,106,433	599,914,406
Net position - September 30	405,407,435	357,742,732	249,634,697	258,435,849	655,042,132	616,178,581
Cumulative effect of change in accounting principle	(49,038,142)	-	(6,089,584)	-	(55,127,726)	-
Net position - September 30 -restated	\$ 356,369,293	\$ 357,742,732	\$ 243,545,113	\$ 258,435,849	\$ 599,914,406	\$ 616,178,581

Governmental activities - Governmental activities increased the City's net position by \$1,373,439 in comparison with beginning net position, primarily due to an overall increase in property tax assessments, when compared to fiscal year 2017. Net position of governmental operations accounts for 60.6% of total net position.

Business-type activities - Business-type activities increased the City's net position by \$14,890,736 in comparison with beginning net position. Total revenue for the business-type activities increased from the previous year by \$5,129,594 due to an increase in charges for services. Net position for business-type activities represents 41.9% of total primary government net position.

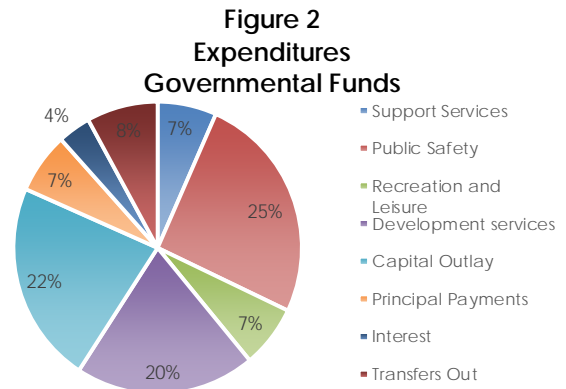
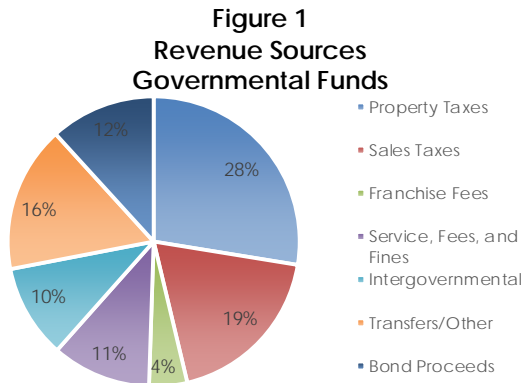
City of Grand Prairie, Texas

Management’s Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Governmental funds - The focus of City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At fiscal year-end 2018, the City’s governmental funds (excluding internal service funds) reported combined ending fund balances of \$170,492,326, a decrease of \$29,154,291 in comparison with the prior year. The unassigned fund balance portion is 17.4% and is available for spending at the government’s discretion. The remainder is restricted for specific purposes and is not available for new spending. Specific purposes include non-spendable inventories and prepaid items (\$79,015); amounts restricted by statutes, bond covenants or granting agencies (\$84,925,272) either for debt service payments, grant-related use, special taxing districts, or for capital projects. In addition, committed funds (\$52,841,228) require formal action by City Council. Finally, funds may be assigned (\$2,931,849) by City Manager with the City Council’s delegated authority. Figures 1 and 2 that follow show the distribution of governmental funds’ sources of revenues and expenditures, \$266,209,582 and \$342,662,367, respectively, for fiscal year 2018.



The General Fund is the chief operating fund of the City. At fiscal year-end, unassigned fund balance of the General Fund was \$30,344,160, while total fund balance was \$33,745,051. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.6% of total general fund operating expenditures, while total fund balance represents 27.3% of that same amount. General Fund’s fund balance increased in the amount of \$2,398,346 from the prior fiscal year.

Other major funds with significant changes in fund balance include Streets CIP, Debt Service and Epic CIP. The Streets CIP Fund decreased by \$6,805,619 due to an overall increase in activity including street maintenance and construction. Increased activity was funded from bond proceeds issued for this purpose.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2018

(Unaudited)

The Debt Service Fund decreased by \$3,218,380 due to payment toward principal and interest retirement for Crime Control and Prevention District.

The Epic CIP Fund decreased by \$18,428,123 due to continued construction and capital outlay for EPIC project.

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the City's enterprise funds and internal service funds were \$256,335,404 and \$14,299,735, respectively, at September 30, 2018. The enterprise funds' net investment in capital assets represented 67.8% of total enterprise fund's net position. The internal service funds' net investment in capital assets represented 11.3% of total internal service funds' net position. The enterprise funds' unrestricted net position was 14.4% of their total net position, and internal service funds' unrestricted net position was 88.7% of their total funds' net position. The City's enterprise funds and the internal service funds reported income before contributions and transfers of \$8,389,902 and \$5,449,130, respectively. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the government-wide financial statements and business-type activities. The following Figures 3 and 4 show the proprietary funds' revenues of \$102,388,747 and expenses of \$91,540,977 (excluding non-operating revenues and expenses, and contributions and transfers) by activity.

Figure 3
Revenues by Activity
Proprietary Funds

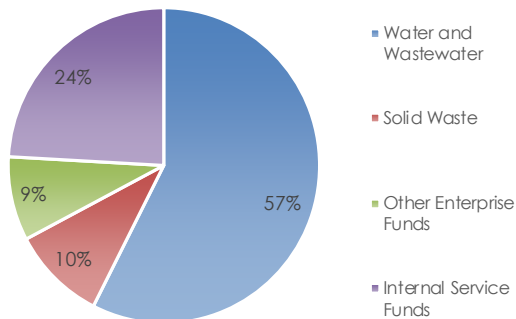
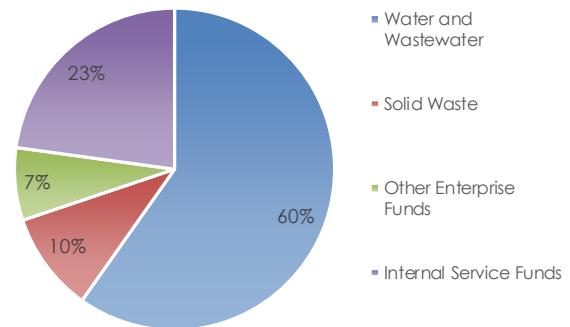


Figure 4
Expenses by Activity
Proprietary Funds



City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

General Fund Budgetary Highlights

Actual General Fund revenues were \$3,492,094, or 2.7%, higher than final budgeted revenues for fiscal year 2018. Property taxes, sales taxes, hotel/motel taxes, and franchise fees were 81.1% of General Fund budgeted revenues. Actual General Fund expenditures were \$394,353, or 0.3%, lower than final budgeted expenditures for fiscal year 2018. Budgeted excess of revenues over expenditures before other financing sources and uses was \$7,614,657 compared to actual of \$11,501,104, resulting in a net positive budget variance of \$3,886,997. The City traditionally budgets revenue conservatively and this practice frequently results in positive budgetary variances.

Net change in fund balances of the General Fund, including other financing sources and uses such as transfers, resulted in a net positive budget variance of \$4,289,152.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at fiscal year-end amounted to \$890,100,114. This investment includes land, buildings, improvements other than buildings (includes infrastructure), machinery and equipment, and construction in progress. The City's capital assets increased from prior year by \$41,957,138.

Major capital projects occurring during the fiscal year included the following:

- Continued construction of Grand Central Park's Epic Center
- Construction of two relocated fire stations: Fire Stations #4 and #3
- Continued construction of frontage roads along Interstates 30 and 20
- Continued expansion of Warmack Library
- Continued storm utility projects on Great Southwest Parkway
- Continued expansion of several city facilities including Service Center and City Hall
- Continued installation of large water meters, pump stations and water main replacements

The City's capital assets, net of accumulated depreciation, at fiscal year-end was as follows:

Table 3
Capital Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Land	\$ 45,603,692	\$ 46,573,694	\$ 4,476,296	\$ 4,717,011	\$ 50,079,988	\$ 51,290,705
Construction in progress	132,532,699	163,246,220	33,801,497	24,493,829	166,334,196	187,740,049
Depreciable capital assets	881,710,595	929,414,228	436,099,617	461,444,005	1,317,810,212	1,390,858,233
Accumulated depreciation	(444,639,140)	(482,359,448)	(241,442,280)	(257,429,425)	(686,081,420)	(739,788,873)
Total capital assets, net	\$ 615,207,846	\$ 656,874,694	\$ 232,935,130	\$ 233,225,420	\$ 848,142,976	\$ 890,100,114

Additional information regarding capital assets can be found on page 55 in Note 2.D.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

Long-term debt - At September 30, 2018, the City had the following long-term liabilities:

**Table 4
 Long-Term Debt**

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018
	As Restated		As Restated		As Restated	
Bonded debt	\$ 347,946,293	\$ 361,651,245	\$ 62,131,416	\$ 59,814,562	\$ 410,077,709	\$ 421,465,807
Compensated absences	17,345,505	18,085,656	487,664	463,394	17,833,169	18,549,050
Other post employment benefits	56,350,253	53,746,401	5,971,887	5,697,240	62,322,140	59,443,641
Net pension liability	72,615,231	46,045,042	8,132,502	4,880,877	80,747,733	50,925,919
Pollution liability	182,709	58,375	-	-	182,709	58,375
Closure and post closure liability	-	-	7,464,921	7,939,257	7,464,921	7,939,257
Other liabilities	1,460,919	1,460,919	-	-	1,460,919	1,460,919
Total long-term debt	\$ 495,900,910	\$ 481,047,638	\$ 84,188,390	\$ 78,795,330	\$ 580,089,300	\$ 559,842,968
Long-term debt to net position percentage	139%	134%	35%	30%	97%	91%

Of the total bonded debt, \$361,651,245, or 85.8%, is backed by the full faith and credit of the City with a property tax pledge.

During this fiscal year, the City issued \$39,270,000 in new bonded debt, and retired principal on outstanding bonded debt totaling \$30,585,893. The City's total interest expense for all bonded debt was \$15,988,028.

Additional information is detailed in the Note 2.H to the Basic Financial Statements, pages 60 - 73.

The City's bond ratings by Fitch and Standard & Poor's are currently as follows:

	<u>Fitch</u>	<u>Standard & Poor's</u>
General obligation bonds	AA+	AAA
Sales tax revenue bonds (taxable)	AA	A
Sales tax revenue bonds (tax-exempt)	AA+	AA-
Water and wastewater revenue bonds	AAA	AAA

Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget including tax rates and fees that will be charged for business-type activities. One of the biggest factors continued to be the national economy. Building and development growth rates continue to increase overall; and indicate healthy activities in the residential sector and commercial type permitting. Although the City is largely built out and mature, there are still several areas available, mainly in the south sector with higher end residential areas along Joe Pool Lake. In addition, there is a leveling of multi-family developments, but a major increase in retail construction, in large part due to toll road 161 with IKEA's presence.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The City population as of September 2018 was 189,400 which is a 1.27% increase over prior year. Grand Prairie's population continues to increase annually with even more growth expected as a result of continued development and mobility through the City. New and improved roadways among I20, I30, and SH161 continue to make additional demands on the City for increased services. Our diverse economy, the overall DFW metroplex economy and major transportation access all serve to create a synergy.

The following indicators were taken into account when adopting the budget for fiscal year 2019:

- 9.12% increase in assessed property values;
- A 2.3% increase in budgeted sales tax collections as compared to prior fiscal year collections. There was no change in the City's sales tax rate.
- The City's very strong financial position, favorable bond ratings, and continued low interest rates.

These indicators resulted in an increase in budgeted property tax revenues of \$4,658,157 for the General Fund and \$3,768,430 for the General obligation Debt Service Fund. The City maintained the same property tax rate of \$0.669998 per \$100 valuation for fiscal year 2019.

Budgeted sales tax revenues across all funds were increased by \$875,542, or 1.4% over prior fiscal year collections with no change in the sales tax rate.

Overall, the City expects a steady increase in other general revenues of governmental activities due to continued population growth and further developments.

The City's total approved operating appropriations for fiscal year 2019 is \$382,991,946, an increase of \$24,942,208, or 7%, as compared to prior fiscal year projected expenditures. General Fund approved appropriations for fiscal year 2019 is \$138,695,486, an increase of \$6,502,951, or 5%, over fiscal year 2018. Personnel services attributes to 75% of the total operating budget. This increase follows suit with additional staffing (full-time and part-time) to support public safety, a 3% merit increase and an increase in healthcare costs. Other changes in total budgeted operating appropriations include increases of \$3,583,447 in the Water/Wastewater Fund, and \$796,208 in the Epic Operating Fund. In addition, the City adopted a 20-year retirement program in TMRS.

Fiscal year 2019 budgeted appropriations for the General Obligation Debt Service Fund increased by \$1,779,310, or 6%, over fiscal year 2018 due to Cemetery, Airport, Parks Venue and next debt issue.

The City's approved appropriations for capital projects in fiscal year 2019 totals \$91,999,563. Planned capital projects include:

- \$17,688,648 in street and signal projects
- \$14,603,000 in water and wastewater requests
- \$45,510,640 in municipal facilities and infrastructure projects
- \$5,514,145 in storm drainage projects
- \$3,770,317 in fire equipment and stations' relocations
- \$7,100,000 in EPIC Central projects

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2018

(Unaudited)

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller, City of Grand Prairie, Texas, 326 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.



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Basic Financial Statements



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City of Grand Prairie, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Grand Prairie	Grand Prairie
	Governmental Activities	Business-Type Activities	Total	Sports Facilities Development	Housing Finance Corporation
ASSETS					
Cash and cash equivalents	\$ 49,349,454	\$ 13,503,610	\$ 62,853,064	\$ 2,060,019	\$ 708,108
Investments	39,643,824	80,115,401	119,759,225	9,410,852	-
Receivables, net	20,350,910	7,210,884	27,561,794	939,999	-
Intergovernmental receivables	2,694,539	19,285	2,713,824	-	-
Inventories and supplies	131,776	586,198	717,974	-	-
Prepays	462,765	46,055	508,820	2,605	24,189
Restricted assets:					
Cash and cash equivalents	3,775,501	6,348,418	10,123,919	-	1,391,682
Investments	105,224,152	9,874,805	115,098,957	-	-
Internal balances	(2,080,445)	2,080,445	-	-	-
Lease payments receivable	-	-	-	10,674,754	-
Estimated unguaranteed residual value	-	-	-	32,801,531	-
Capital assets:					
Nondepreciable	209,819,914	29,210,840	239,030,754	-	1,612,851
Depreciable, net	447,054,780	204,014,580	651,069,360	-	11,557,291
Total assets	876,427,170	353,010,521	1,229,437,691	55,889,760	15,294,121
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refundings	2,631,194	538,458	3,169,652	-	-
Related to OPEB	243,965	25,862	269,827	-	-
Related to TMRS pension	11,761,740	1,246,770	13,008,510	-	-
Total deferred outflows of resources	14,636,899	1,811,090	16,447,989	-	-
LIABILITIES					
Accounts payable	14,651,353	9,025,487	23,676,840	167	146,535
Retainage payable	5,819,277	134,045	5,953,322	-	-
Accrued liabilities	11,311,023	799,937	12,110,960	-	286,181
Unearned revenue	2,876,608	1,052,044	3,928,652	-	-
Current liabilities payable from restricted assets:					
Accrued interest	2,111,036	362,985	2,474,021	-	-
Customer deposits	37,000	4,576,354	4,613,354	-	85,883
Unearned revenue	-	-	-	-	-
Noncurrent liabilities:					
Due within one year:					
Compensated absences	8,292,305	373,856	8,666,161	-	-
Environmental remediation obligation	58,375	-	58,375	-	-
Other liabilities	160,776	-	160,776	-	-
Current portion of long-term debt	31,085,000	5,420,129	36,505,129	-	293,011
Due in more than one year:					
Compensated absences	9,793,351	89,538	9,882,889	-	-
Other postemployment benefits	53,746,401	5,697,240	59,443,641	-	-
Closure and postclosure liability	-	7,939,257	7,939,257	-	-
Net pension liability	46,045,042	4,880,877	50,925,919	-	-
Other liabilities	1,300,143	-	1,300,143	-	-
Long-term debt	330,566,245	54,394,433	384,960,678	-	15,209,105
Total liabilities	517,853,935	94,746,182	612,600,117	167	16,020,715
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	3,899,795	413,387	4,313,182	-	-
Related to TMRS pension	11,567,607	1,226,193	12,793,800	-	-
Total deferred outflows of resources	15,467,402	1,639,580	17,106,982	-	-
NET POSITION					
Net investment in capital assets	266,214,537	173,815,271	440,029,808	-	(1,148,187)
Restricted for:					
Debt service	3,886,771	7,292,951	11,179,722	-	-
Capital projects	23,435,298	38,329,310	61,764,608	-	-
Support Services	13,062,784	-	13,062,784	-	-
Public safety	19,749,801	-	19,749,801	-	-
Recreation and leisure	10,526,452	-	10,526,452	-	-
Development services	9,961,907	-	9,961,907	-	-
Other specific purposes	407,775	-	407,775	-	-
Facility lease	-	-	-	44,352,297	-
Unrestricted	10,497,407	38,998,317	49,495,724	11,537,296	421,593
Total net position	\$ 357,742,732	\$ 258,435,849	\$ 616,178,581	\$ 55,889,593	\$ (726,594)

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Activities
For the Year Ended September 30, 2018

Functions/Activity	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Support services	\$ 27,614,430	\$ 5,539,941	\$ 263,022	\$ -
Public safety services	101,033,502	17,180,107	3,794,382	-
Recreation and leisure services	34,529,152	13,029,253	863,703	-
Development services and other	97,241,362	13,913,703	30,345,321	3,971,782
Interest on long-term debt	12,481,762	-	-	-
Total governmental activities	272,900,208	49,663,004	35,266,428	3,971,782
Business-type activities:				
Water and wastewater	72,412,983	77,556,058	-	9,908,148
Solid waste	12,339,638	13,208,778	-	-
Municipal airport	2,744,301	2,238,508	67,537	-
Municipal golf course	3,309,267	2,453,543	-	-
Storm water	2,446,788	6,864,323	-	2,075,576
Total business-type activities	93,252,977	102,321,210	67,537	11,983,724
Total primary government	\$ 366,153,185	\$ 151,984,214	\$ 35,333,965	\$ 15,955,506
Component units:				
Grand Prairie Sports Facilities Development	\$ 3,957,555	\$ 1,203,476	\$ -	\$ 312,362
Grand Prairie Housing Finance Corporation	6,019,850	6,088,248	-	-
Total component units	\$ 9,977,405	\$ 7,291,724	\$ -	\$ 312,362
General revenues:				
Taxes				
Property taxes				
Sales taxes				
Hotel/motel and other taxes				
Franchise fees (and those based on gross receipts)				
Investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Cumulative effect of change in accounting principle				
Net position - beginning-restated				
Net position - end of year				

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position Primary Government			Grand Prairie Sports Facilities Development	Grand Prairie Housing Finance Corporation
Governmental Activities	Business-Type Activities	Total		
\$ (21,811,467)	\$ -	\$ (21,811,467)	\$ -	\$ -
(80,059,013)	-	(80,059,013)	-	-
(20,636,196)	-	(20,636,196)	-	-
(49,010,556)	-	(49,010,556)	-	-
(12,481,762)	-	(12,481,762)	-	-
(183,998,994)	-	(183,998,994)	-	-
-	15,051,223	15,051,223	-	-
-	869,140	869,140	-	-
-	(438,256)	(438,256)	-	-
-	(855,724)	(855,724)	-	-
-	6,493,111	6,493,111	-	-
-	21,119,494	21,119,494	-	-
(183,998,994)	21,119,494	(162,879,500)	-	-
			(2,441,717)	-
			-	68,398
			(2,441,717)	68,398
94,648,690	-	94,648,690	-	-
64,250,717	-	64,250,717	-	-
2,208,298	-	2,208,298	-	-
14,485,521	-	14,485,521	-	-
3,506,788	43,661	3,550,449	136,651	3,302
6,272,419	(6,272,419)	-	-	-
185,372,433	(6,228,758)	179,143,675	136,651	3,302
1,373,439	14,890,736	16,264,175	(2,305,066)	71,700
405,407,435	249,634,697	655,042,132	58,194,659	(798,294)
(49,038,142)	(6,089,584)	(55,127,726)	-	-
356,369,293	243,545,113	599,914,406	58,194,659	(798,294)
\$ 357,742,732	\$ 258,435,849	\$ 616,178,581	\$ 55,889,593	\$ (726,594)

City of Grand Prairie, Texas
 Balance Sheet
 Governmental Funds
 September 30, 2018

	General	Section 8	Streets CIP
ASSETS			
Cash and cash equivalents	\$ 7,896,978	\$ 432,058	\$ 2,232,460
Investments	22,643,824	533,109	25,360,381
Property tax receivable, net	1,253,588	-	-
Sales tax receivable	5,691,264	-	-
Franchise fees receivable	2,595,603	-	-
Other receivables, net	2,386,892	-	-
Intergovernmental receivables	1,657,840	-	-
Due from other funds	1,500,000	-	-
Inventory	-	-	-
Prepays	2,743	-	-
	<hr/>	<hr/>	<hr/>
Total assets	45,628,732	965,167	27,592,841
LIABILITIES			
Accounts payable	3,831,520	55,294	1,771,005
Retainage payable	-	-	524,769
Accrued liabilities	5,542,848	85,980	-
Due to other funds	-	-	-
Customer deposits	-	-	-
Unearned revenue	682,237	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	10,056,605	141,274	2,295,774
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,827,076	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	1,827,076	-	-
FUND BALANCES			
Nonspendable	2,743	-	-
Restricted	466,299	823,893	8,511,522
Committed	-	-	16,785,545
Assigned	2,931,849	-	-
Unassigned	30,344,160	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	33,745,051	823,893	25,297,067
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,628,732</u>	<u>\$ 965,167</u>	<u>\$ 27,592,841</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Grants	Debt Service	Epic CIP	Nonmajor Governmental Funds	Total Governmental Funds
\$ 470,586	\$ 973,441	\$ 10,609,956	\$ 28,842,756	\$ 51,458,235
-	4,500,000	-	74,830,662	127,867,976
-	513,273	-	-	1,766,861
-	-	-	5,674,914	11,366,178
-	-	-	67,086	2,662,689
41,577	11,093	-	2,115,620	4,555,182
1,036,699	-	-	-	2,694,539
-	-	-	3,493,636	4,993,636
-	-	-	60,333	60,333
-	-	-	15,939	18,682
1,548,862	5,997,807	10,609,956	115,100,946	207,444,311
302,803	-	889,911	6,853,821	13,704,354
-	-	4,316,278	978,230	5,819,277
85,010	-	-	1,518,205	7,232,043
1,500,000	-	3,402,683	90,953	4,993,636
-	-	-	37,000	37,000
290,247	-	-	1,904,124	2,876,608
2,178,060	-	8,608,872	11,382,333	34,662,918
-	461,991	-	-	2,289,067
-	461,991	-	-	2,289,067
-	-	-	76,272	79,015
-	5,535,816	2,001,084	67,586,658	84,925,272
-	-	-	36,055,683	52,841,228
-	-	-	-	2,931,849
(629,198)	-	-	-	29,714,962
(629,198)	5,535,816	2,001,084	103,718,613	170,492,326
\$ 1,548,862	\$ 5,997,807	\$ 10,609,956	\$ 115,100,946	\$ 207,444,311

City of Grand Prairie, Texas
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 September 30, 2018

Total fund balance - total governmental funds		\$ 170,492,326
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds (excluding internal service funds' capital assets of \$1,617,301).		655,257,393
Certain revenues are not available to pay for current-period expenditures; therefore, these revenues are deferred in the funds.		2,289,067
Certain assets and liabilities do not provide or require the use of current financial resources; therefore, these assets and liabilities are not reported in the governmental funds.		
Accrued interest on long-term debt	(2,111,036)	
Unamortized loss of bond refundings	2,631,194	
Deferred pension and OPEB contributions, and investment and actuarial experience (excluding internal service fund totals of \$47,393).	<u>(3,414,304)</u>	(2,894,146)
Internal service funds are used by management to charge cost of certain activities, such as employee health insurance, risk management insurance, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position (net of amount allocated to business-type activities of \$2,201,418).		12,219,290
Noncurrent liabilities are not due and payable in the current period; therefore, they are not reported in the governmental fund balance sheet. These noncurrent liabilities are as follows:		
Long-term debt	(340,950,000)	
Unamortized bond premium/discount, net	(20,701,245)	
Compensated absences (excluding internal service fund totals of \$60,250)	(18,025,406)	
Other post employment benefits (excluding internal service fund totals of \$735,813)	(53,010,588)	
Net pension liability (excluding internal service fund totals of \$630,377)	(45,414,665)	
Environmental remediation obligation	(58,375)	
Other liabilities	<u>(1,460,919)</u>	<u>(479,621,198)</u>
Net position of governmental activities		\$ <u>357,742,732</u>

The Notes to the Basic Financial Statements are an integral part of this statement.



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City of Grand Prairie, Texas
Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

	<u>General</u>	<u>Section 8</u>	<u>Streets CIP</u>
REVENUES			
Property taxes	\$ 61,122,847	\$ -	\$ -
Sales taxes	31,532,937	-	-
Other taxes	292,966	-	-
Franchise fees	14,485,521	-	-
Charges for goods and services	5,847,113	5,779,637	23,242
Licenses and permits	3,000,527	218,421	-
Fines and forfeitures	7,337,547	-	-
Intergovernmental	2,335,924	27,786,641	-
General and administrative	4,712,539	-	-
Rents and royalties	875	-	-
Investment income	3,213,375	-	-
Contributions	176,042	-	-
Other	854,500	39,476	617,081
	<u>134,912,713</u>	<u>33,824,175</u>	<u>640,323</u>
Total revenues			
EXPENDITURES			
Current operations:			
Support services	22,333,632	-	-
Public safety services	84,283,161	-	-
Recreation and leisure services	2,760,622	-	-
Development services and other	12,944,045	34,784,590	6,221,308
Capital outlay	1,086,949	-	12,867,399
Debt service:			
Principal retirement	-	-	-
Interest and other charges	3,200	-	99,186
	<u>123,411,609</u>	<u>34,784,590</u>	<u>19,187,893</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	11,501,104	(960,415)	(18,547,570)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	33,812	1,480,000
Transfers out	(10,106,151)	(50,000)	(2,662,296)
Bonds issued	-	-	11,731,193
Premium on bonds issued	-	-	1,193,054
Proceeds from sale of capital assets	1,003,393	15,813	-
	<u>(9,102,758)</u>	<u>(375)</u>	<u>11,741,951</u>
Total other financing sources (uses)			
Net change in fund balances	2,398,346	(960,790)	(6,805,619)
Fund balances - beginning of year	31,346,705	1,784,683	32,102,686
Fund balances - end of year	<u>\$ 33,745,051</u>	<u>\$ 823,893</u>	<u>\$ 25,297,067</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Grants	Debt Service	Epic CIP	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 25,802,801	\$ -	\$ 7,741,648	\$ 94,667,296
-	-	-	32,717,780	64,250,717
-	-	-	1,915,332	2,208,298
-	-	-	-	14,485,521
54,343	-	-	13,132,839	24,837,174
-	-	-	210,493	3,429,441
-	-	-	4,004,791	11,342,338
5,263,274	-	-	454,534	35,840,373
-	-	-	-	4,712,539
-	-	-	4,383,279	4,384,154
5,786	-	281,327	6,300	3,506,788
167,688	-	-	803,553	1,147,283
-	-	117,145	355,868	1,984,070
5,491,091	25,802,801	398,472	65,726,417	266,795,992
-	-	-	2,328,652	24,662,284
1,799,099	-	-	8,650,325	94,732,585
201,880	-	1,121,029	22,252,892	26,336,423
2,555,061	-	-	18,812,969	75,317,973
3,123,791	-	21,405,566	44,936,781	83,420,486
-	19,970,000	-	5,035,000	25,005,000
-	8,877,065	-	4,794,575	13,774,026
7,679,831	28,847,065	22,526,595	106,811,194	343,248,777
(2,188,740)	(3,044,264)	(22,128,123)	(41,084,777)	(76,452,785)
4,037,110	50,000	3,700,000	26,529,392	35,830,314
(1,531,226)	(224,116)	-	(15,208,912)	(29,782,701)
-	-	-	24,783,807	36,515,000
-	-	-	2,520,496	3,713,550
1,350	-	-	1,775	1,022,331
2,507,234	(174,116)	3,700,000	38,626,558	47,298,494
318,494	(3,218,380)	(18,428,123)	(2,458,219)	(29,154,291)
(947,692)	8,754,196	20,429,207	106,176,832	199,646,617
\$ (629,198)	\$ 5,535,816	\$ 2,001,084	\$ 103,718,613	\$ 170,492,326

City of Grand Prairie, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds	\$	(29,154,291)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.</p>		
This is the amount of capital assets recorded in the current period.		83,420,486
<p>Depreciation on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds (except for internal service fund depreciation of \$135,147).</p>		
		(42,252,812)
<p>Governmental funds do not report capital contributions.</p>		
		1,536,808
<p>The net effect of various transactions involving capital assets (i.e., disposals, sales, and reassignments) are not reported in the governmental funds.</p>		
		(883,543)
<p>The issuance of long-term debt (i.e., bonds) provides current financial resources to the governmental funds, while repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Bonds issued	(36,515,000)	
Bond principal retirement	25,005,000	
Bond premium issued	(3,713,550)	
Amortization of bond premiums/discounts	1,518,598	
Amortization of loss on refundings	(264,781)	
	<u>(13,969,733)</u>	(13,969,733)
<p>Some expense accruals reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued interest	38,447	
Compensated absences	(728,670)	
Pollution remediation obligation	124,334	
Postemployment benefit obligation	2,555,497	
Pension liability	26,169,917	
Deferred pension and OPEB contributions, and investment and actuarial experience	(30,224,019)	
Other liabilities	(81,089)	
	<u>(2,145,583)</u>	(2,145,583)
<p>Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(134,350)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net operating loss of the internal service funds is reported with governmental activities (net of the amount allocated to business-type activities of \$104,424).</p>		
		<u>4,956,457</u>
Change in net position of governmental activities	\$	<u>1,373,439</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,296,096	\$ 3,259,134	\$ (51,620)	\$ 13,503,610	\$ 1,666,720
Investments	62,618,432	13,624,536	3,872,433	80,115,401	17,000,000
Accounts receivable, net	5,855,367	648,496	707,021	7,210,884	-
Intergovernmental receivable	-	-	19,285	19,285	-
Inventories and supplies	514,213	-	71,985	586,198	71,443
Prepays	-	-	46,055	46,055	444,083
Restricted assets:					
Cash and cash equivalents	6,348,418	-	-	6,348,418	-
Investments	9,801,419	-	73,386	9,874,805	-
Total current assets	95,433,945	17,532,166	4,738,545	117,704,656	19,182,246
Noncurrent assets:					
Capital assets:					
Land	2,208,926	1,748,378	759,707	4,717,011	737,566
Buildings	2,848,430	1,905,218	15,137,593	19,891,241	1,477,875
Equipment	25,670,655	9,949,230	2,329,746	37,949,631	2,198,866
Infrastructure	355,110,305	10,613,146	37,879,682	403,603,133	-
Construction in progress	22,374,315	2,085,267	34,247	24,493,829	227,700
Less: accumulated depreciation	(219,509,383)	(11,621,534)	(26,298,508)	(257,429,425)	(3,024,706)
Total noncurrent assets	188,703,248	14,679,705	29,842,467	233,225,420	1,617,301
Total assets	284,137,193	32,211,871	34,581,012	350,930,076	20,799,547
DEFERRED OUTFLOWS OF RESOURCES					
Debt refundings	538,458	-	-	538,458	-
Related to OPEB	15,530	5,283	5,049	25,862	3,339
Related to TMRS pension	748,716	254,684	243,370	1,246,770	161,024
Total deferred outflows of resources	1,302,704	259,967	248,419	1,811,090	164,363
LIABILITIES					
Current liabilities:					
Accounts payable	8,115,728	489,973	419,786	9,025,487	946,999
Retainage payable	134,045	-	-	134,045	-
Accrued interest	347,905	8,774	6,306	362,985	-
Accrued liabilities	472,808	219,594	107,535	799,937	4,078,980
Compensated absences	232,538	56,148	85,170	373,856	60,250
Unearned revenue	905,606	-	146,438	1,052,044	-
Current portion of long-term debt	4,940,000	330,129	150,000	5,420,129	-
Current liabilities payable from restricted assets:					
Customer deposits	4,502,968	-	73,386	4,576,354	-
Total current liabilities	19,651,598	1,104,618	988,621	21,744,837	5,086,229
Noncurrent liabilities:					
Compensated absences	55,693	13,447	20,398	89,538	-
Other postemployment benefits	3,421,332	1,163,804	1,112,104	5,697,240	735,813
Closure and postclosure liability	-	7,939,257	-	7,939,257	-
Net pension liability	2,931,087	997,042	952,748	4,880,877	630,377
Long-term debt	53,509,433	-	885,000	54,394,433	-
Total noncurrent liabilities	59,917,545	10,113,550	2,970,250	73,001,345	1,366,190
Total liabilities	79,569,143	11,218,168	3,958,871	94,746,182	6,452,419
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	248,249	84,445	80,693	413,387	53,390
Related to TMRS pension	736,359	250,481	239,353	1,226,193	158,366
Total deferred inflows of resources	984,608	334,926	320,046	1,639,580	211,756
NET POSITION					
Net investment in capital assets	130,658,228	14,349,576	28,807,467	173,815,271	1,617,301
Restricted for:					
Debt service	7,292,951	-	-	7,292,951	-
Capital projects	38,329,310	-	-	38,329,310	-
Unrestricted	28,605,657	6,569,168	1,743,047	36,917,872	12,682,434
Total net position	\$ 204,886,146	\$ 20,918,744	\$ 30,550,514	\$ 256,355,404	\$ 14,299,735
Reconciliation to government-wide Statement of Net Position:					
Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds				2,080,445	
Net position of business-type activities				\$ 258,435,849	

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Revenues, Expenses,
And Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
OPERATING REVENUES					
Water sales	\$ 44,893,468	\$ -	\$ -	\$ 44,893,468	\$ -
Wastewater services	28,328,868	-	-	28,328,868	-
Water and wastewater fees	2,743,483	-	-	2,743,483	-
Wastewater surcharges	846,222	-	-	846,222	-
Solid waste fees	-	13,094,301	-	13,094,301	-
Charges for services	-	-	10,626,085	10,626,085	5,983,290
Intergovernmental revenue	-	-	67,537	67,537	-
Insurance premiums	-	-	-	-	26,506,330
Miscellaneous	744,017	114,477	930,289	1,788,783	41,541
Total operating revenue	77,556,058	13,208,778	11,623,911	102,388,747	32,531,161
OPERATING EXPENSES					
Salaries and benefits	8,072,319	2,676,545	2,700,670	13,449,534	1,901,861
Supplies and miscellaneous purchases	1,202,427	547,366	1,366,201	3,115,994	2,594,067
Purchased services	6,236,044	5,701,457	1,760,996	13,698,497	1,128,243
Insurance costs	-	-	-	-	20,908,318
Water purchases	16,917,148	-	-	16,917,148	-
Wastewater treatment	15,644,623	-	-	15,644,623	-
General and administrative costs	3,895,242	341,938	144,552	4,381,732	-
Franchise fees	2,927,443	364,438	275,062	3,566,943	-
Miscellaneous	1,552,920	817,255	674,016	3,044,191	426,958
Depreciation	14,512,955	1,482,530	1,726,830	17,722,315	135,147
Total operating expenses	70,961,121	11,931,529	8,648,327	91,540,977	27,094,594
Operating income	6,594,937	1,277,249	2,975,584	10,847,770	5,436,567
NONOPERATING REVENUES (EXPENSES)					
Investment income	43,661	-	-	43,661	-
Gain (loss) on property disposition	117,576	(473,453)	68,350	(287,527)	12,563
Interest expense	(2,140,109)	(20,863)	(53,030)	(2,214,002)	-
Total nonoperating revenues (expenses)	(1,978,872)	(494,316)	15,320	(2,457,868)	12,563
Income (loss) before contributions and transfers	4,616,065	782,933	2,990,904	8,389,902	5,449,130
CONTRIBUTIONS AND TRANSFERS					
Capital contributions-impact fees	2,573,638	-	-	2,573,638	-
Capital contributions	7,406,560	-	2,075,576	9,482,136	-
Transfers in	143,008	-	654,116	797,124	300,000
Transfers out	(1,386,922)	(307,621)	(5,375,000)	(7,069,543)	(75,194)
Total contributions and transfers	8,736,284	(307,621)	(2,645,308)	5,783,355	224,806
Change in net position	13,352,349	475,312	345,596	14,173,257	5,673,936
Net position - beginning of year	195,118,591	21,662,839	31,370,154	248,151,584	9,396,767
Cumulative effect of change in accounting principle	(3,584,794)	(1,219,407)	(1,165,236)	(5,969,437)	(770,968)
Net position - beginning of year (restated)	191,533,797	20,443,432	30,204,918	242,182,147	8,625,799
Net position - end of year	\$ 204,886,146	\$ 20,918,744	\$ 30,550,514	\$ 256,355,404	\$ 14,299,735
Reconciliation to government-wide Statement of Activities:					
Total change in net position				\$ 14,173,257	
Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds				717,479	
Change in net position of business-type activities				<u>\$ 14,890,736</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Wastewater	Solid Waste	Other Nonmajor		Activities Internal Service Funds
Cash flows from operating activities:					
Cash receipts from customers	\$ 76,977,582	\$ 13,077,606	\$ 10,503,459	\$ 100,558,647	\$ -
Cash receipts from city and employee contributions	-	-	-	-	26,506,330
Cash receipts from interfund services provided	-	-	-	-	5,983,290
Cash receipts from other governments	-	-	96,170	96,170	-
Other operating cash receipts	744,017	114,477	930,289	1,788,783	41,541
Cash payments to suppliers for goods and services	(40,916,336)	(5,965,045)	(3,583,714)	(50,465,095)	(3,438,673)
Cash payments to employees for services	(8,117,462)	(2,776,624)	(2,693,419)	(13,587,505)	(1,747,199)
Cash payments for interfund services used	-	-	(275,062)	(275,062)	(20,908,318)
Other operating cash payments	(4,480,363)	(1,181,693)	(144,552)	(5,806,608)	-
Net cash provided by (used in) operating activities	24,207,438	3,268,721	4,833,171	32,309,330	6,436,971
Cash flows from noncapital financing activities:					
Transfers from other funds	143,008	-	654,116	797,124	300,000
Transfers to other funds	(1,386,922)	(307,621)	(5,375,000)	(7,069,543)	(75,194)
Contributions to other governments	-	-	-	-	-
Net cash (used in) provided by noncapital financing activities	(1,243,914)	(307,621)	(4,720,884)	(6,272,419)	224,806
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds	2,755,000	-	-	2,755,000	-
Capital impact fees from developers	2,573,638	-	-	2,573,638	-
Proceeds from disposition of capital assets	69,794	15,734	11,752	97,280	12,563
Acquisition and construction of capital assets	(4,592,125)	(3,338,390)	(761,321)	(8,691,836)	(62,145)
Principal paid on debt	(4,810,000)	(625,893)	(145,000)	(5,580,893)	-
Interest paid on debt	(1,702,265)	(28,587)	(53,891)	(1,784,743)	-
Bond issuance costs	(92,545)	-	-	(92,545)	-
Net cash used in capital and related financing activities	(5,798,503)	(3,977,136)	(948,460)	(10,724,099)	(49,582)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	-	-	-	-
Purchase of investment securities	(16,800,000)	-	-	(16,800,000)	(7,000,000)
Interest received on investments	43,661	-	-	43,661	-
Net cash (used in) provided by investing activities	(16,756,339)	-	-	(16,756,339)	(7,000,000)
Net (decrease) increase in cash and equivalents	408,682	(1,016,036)	(836,173)	(1,443,527)	(387,805)
Cash and cash equivalents - beginning of year	16,235,832	4,275,170	784,553	21,295,555	2,054,525
Cash and cash equivalents - end of year	\$ 16,644,514	\$ 3,259,134	\$ (51,620)	\$ 19,852,028	\$ 1,666,720
Reconciliation of operating income (loss) from operations to net cash from operating activities:					
Operating income (loss)	\$ 6,594,937	\$ 1,277,249	\$ 2,975,584	\$ 10,847,770	\$ 5,436,567
Adjustments to operating income (loss) to net cash from operating activities:					
Depreciation	14,512,955	1,482,530	1,726,830	17,722,315	135,147
Provisions for uncollectible accounts	(146,209)	(56,139)	(12,069)	(214,417)	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(57,088)	39,444	(114,338)	(131,982)	-
(Increase) decrease in intergovernmental receivable	-	-	-	-	-
(Increase) decrease in due from other governments	-	-	28,633	28,633	-
(Increase) decrease in inventories and supplies	(8,484)	-	11,134	2,650	49,710
(Increase) decrease in prepaids	-	-	(32,292)	(32,292)	-
Increase (decrease) in accounts payable	3,354,279	96,066	235,345	3,685,690	660,885
Increase (decrease) in retainage payable	(366,786)	-	-	(366,786)	-
Increase (decrease) in accrued liabilities	139	529,650	14,254	544,043	145,548
Increase (decrease) in customer deposits	368,838	-	3,781	372,619	-
Increase (decrease) in unearned revenue	-	-	(10,942)	(10,942)	-
Increase (decrease) in compensated absences	(12,970)	(17,469)	6,169	(24,270)	11,481
Increase (decrease) in OPEB liability	69,257	23,559	22,512	115,328	14,896
Increase (decrease) in pension liability	(101,430)	(106,169)	(21,430)	(229,029)	(17,263)
Net cash provided by (used in) operating activities	\$ 24,207,438	\$ 3,268,721	\$ 4,833,171	\$ 32,309,330	\$ 6,436,971
Noncash investing, capital and financing activities:					
Capital contributions from developers/granting agencies	\$ 7,406,560	\$ -	\$ 2,075,576	\$ 9,482,136	\$ -
Reconciliation of ending cash and cash equivalents to Statement of Net Position:					
Unrestricted cash and cash equivalents - end of year	\$ 10,296,096	\$ 3,259,134	\$ (51,620)	\$ 13,503,610	\$ 1,666,720
Restricted cash and cash equivalents - end of year	6,348,418	-	-	6,348,418	-
Total cash and cash equivalents - end of year	\$ 16,644,514	\$ 3,259,134	\$ (51,620)	\$ 19,852,028	\$ 1,666,720

The Notes to the Basic Financial Statements are an integral part of this statement.



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Notes to the Basic Financial Statements



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City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies

A. Introduction

The City of Grand Prairie (City) is one of the Mid-Cities in the Dallas-Fort Worth Metroplex, 12 miles west of downtown Dallas, 18 miles east of downtown Fort Worth and six miles south of DFW International Airport. The City was incorporated in 1909, and adopted the Council-Manager form of government in 1948.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accounts as published in Audits of State and Local Governments.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate entities as component units within the City's reporting entity are set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Based on this criterion, the City reports the following component units as part of the financial reporting entity:

Blended Component Units

Grand Prairie Crime Control and Prevention District

The City of Grand Prairie Crime Control and Prevention District (CCPD) was created in May 2007 under the provisions of the Crime Control and Prevention Act and authority of Chapter 363, Texas Local Government Code, as amended (Act) by Resolution No. 2007-02 of the Grand Prairie City Council. The purpose of the CCPD is to provide crime control and crime prevention strategies, specific treatment and prevention programs, and court and prosecution services including the cost of personnel, administration, expansion, enhancement, and capital expenditures, and any other programs as authorized by Chapter 363.

Under the authority of the Act, the voters of Grand Prairie approved a proposition to levy and collect an additional quarter-cent sales and use tax for the purpose of funding the CCPD which became effective October 1, 2007. In 2012, citizens voted to continue/renew the quarter-cent sales and use tax for this same purpose.

The CCPD's governing body is substantively the same as the governing body of the City as the seven members of the CCPD's Board of Directors are all City council members. The City has operational responsibility for the CCPD, and the CCPD provides all of its services to the City. If the District is dissolved, its assets will become the City's property. For these reasons, the CCPD is reported as a blended component unit of the City and is reported as a special revenue fund within the City's governmental activities. This special revenue fund was established specifically to account for the accumulation and use of the quarter-cent sales tax revenue collected for the CCPD.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Discretely Presented Component Units

Grand Prairie Sports Facilities Development Corporation

The Sports Corporation was incorporated on June 10, 1992, under the provisions of the Development Corporation Act of 1979, as amended, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (Act) by Resolution No. 2841 of the Grand Prairie City Council. The purpose of the Sports Corporation is to promote economic development within the City in order to reduce unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects authorized under the Act.

The Act provides that the City may levy a one-half cent sales and use tax for the benefit of the Sports Corporation if the tax is authorized by a majority of the qualified voters in an election. On January 18, 1992, a majority of the voters approved a proposition to levy and collect an additional one-half cent sales and use tax for the purpose of constructing a horse racetrack. The one-half cent sales and use tax increase became effective April 1, 1993 to cover the costs of the project or the principal, interest and other costs relating to any bonds or obligations issued to pay the costs of the project or to refund bonds or obligations issued to pay the costs of the project. All bonds were redeemed on September 15, 2007. The sales tax was discontinued on September 30, 2007.

The City continues to receive significant financial benefits from the Sports Corporation as excess earnings of the Sports Corporation are paid to the City; and, if dissolved, all assets of the Sports Corporation become the City's property. Although the Sports Corporation is a legally separate entity, the City has the ability to impose its will upon the Sports Corporation as its Board of Directors are all appointed by the City Council, and four of the seven-member board are actual City Council members. For this reason, the Sports Corporation is presented as part of the City's reporting entity as a discretely presented component unit. Discretely presented component units are presented in a separate column alongside the City's financial information.

Grand Prairie Housing Finance Corporation

The Grand Prairie Housing Finance Corporation (HFC) was created to issue tax-exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family development. While the entity is legally, financially and administratively autonomous, the governing body of the City of Grand Prairie may, at its sole discretion, and at any time, amend HFC's Articles of Incorporation, and alter or change its structure, programs or activities, or terminate or dissolve it. Additionally, members of the Board of Directors are appointed by and may be removed by the City Council. However, the City is not financially obligated for any debt of the HFC. For these reasons, the HFC is presented as part of the City's reporting entity as a discretely presented component unit.

The HFC's financial information, for its calendar year ended December 31, 2017, is included in the City's financial statements in a separate column alongside the City's. Separate audited financial statements may be obtained by writing Grand Prairie Housing Finance Corporation, Attn: Executive Director, P. O. Box 532758, Grand Prairie, Texas 75053-2758.

Related Autonomous Entities

Grand Prairie Health Facilities Development Authority

The Grand Prairie Health Facilities Development Authority (HFDA) was created to issue tax-exempt revenue bonds to finance medical facilities. While the HFDA's revenue bonds were defeased, the HFDA continues to exist only to make decisions from time to time regarding the defeased bonds. The City exercises no control over the HFDA or its budget.

Grand Prairie Industrial Development Authority

The Grand Prairie Industrial Development Authority (GPIDA) was created to issue tax-exempt industrial revenue bonds to assist in the City's economic development and to evaluate tax abatement applications. The City exercises no control over the GPIDA's management, budget or operations.

C. Implementation of New Accounting Standards

For fiscal year ended September 30, 2018, the City implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

With this implementation, the City's financial statements were restated to reflect the beginning OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense and contributions made between the start of the measurement period and the City's prior fiscal year. The restatement to beginning net position is noted below and reflected on the statements:

	Government-Wide		Fund Level	
	Statement of		Statement of Revenues, Expenses	
	Activities		and Changes in Net Position –	
			Proprietary Funds	
	Governmental	Business-Type	Business-Type	Governmental
	Activities	Activities	Enterprise	Activities
			Funds	Internal Service
				Funds
Net position - beginning of year	\$ 405,407,435	\$ 249,634,697	\$ 248,151,584	\$ 9,396,767
Change in reporting for OPEB	(49,038,142)	(6,089,584)	(5,969,437)	(770,968)
Net position - beginning of year (restated)	\$ 356,369,293	\$ 243,545,113	\$ 242,182,147	\$ 8,625,799

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for periods beginning after December 15, 2016, and pertains to a type of a giving agreement used by donors to provide resources to two or more beneficiaries, including governments. The adoption of Statement No. 81 has no impact on the City's financial statements.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

GASB Statement No. 82, *Pension Issues – an amendment of GASB statements No. 67, No. 68, and No. 73*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 85, *Omnibus 2017*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of Statement No. 86 has no impact on the City's financial statements.

C. Basis of Presentation

Government-Wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all activities of the City, including component units. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities which generally rely on fees and charges for support. Significant revenues generated from business-type activities include charges to customers for water and wastewater services, golf course fees, airport user charges, solid waste collection services, and storm water utility fees. As a general rule, the internal activity between governmental activities and business-type activities is eliminated from the government-wide financial statements except that charges for administrative overhead services provided by the governmental activities to the business-type activities are included as revenues to the governmental activities and expenses to the business-type activities.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

The Statement of Activities reports the change in the City's net position from October 1, 2017 to September 30, 2018. This statement demonstrates the degree to which the direct expenses of a given function of the government are offset by program revenues. Specifically, the City has identified the following functions of government – support services, public safety services, recreation and leisure services, development services, water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. *Direct expenses* are those that are clearly identifiable with a specific function of City government. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as *general revenues* in the statement of activities.

Fund Financial Statements

In addition to the government-wide financial statements, the City also reports separate financial statements for major functions or activities of the government. These financial statements are organized on the basis of funds with governmental resources allocated to and accounted for based upon the purposes for which they are spent and the means by which spending activities are controlled. Separate statements are presented for governmental activities and proprietary activities.

Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures/expenses, and fund balances. The fund financial statements present each major fund as a separate column, while all nonmajor funds are aggregated and presented in a single column. Major funds are calculated using specific methods outlined in GASB Statement No. 34, or City management may also deem funds as major for presentation purposes.

At September 30, 2018, major governmental funds include the following:

General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from the General Fund.

Section 8 Fund

This special revenue fund accounts for grant and contract revenue received from the federal government for providing housing assistance to low income families and for the administration of the program.

Street CIP Fund

This capital project fund accounts for the construction and renovation of thoroughfares and arterial streets and roads financed through general obligation bond proceeds and other dedicated sources.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Grants Fund

This special revenue fund accounts for the various federal, state and local grant revenue received by the City. All grants included in this fund are for specific projects with limited duration.

Debt Service Fund

The City's Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Epic CIP Fund

This capital project fund accounts for the proceeds from sales tax revenue bonds, current lending/borrowing arrangements, and other dedicated sources to be used in the construction of The Epic.

At September 30, 2018, major enterprise funds include the following:

Water/Wastewater Fund

This fund accounts for water and wastewater system services provided for residents of the City, including administration, operations, maintenance, debt service, billing and collection. The City purchased treated water from surrounding cities, and water is pumped from City-owned wells. Although the City owns the wastewater collection system, it has no treatment facilities. Wastewater treatment is provided by the Trinity River Authority. Contracts relating to purchased water and wastewater treatment are discussed in Note 2M. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Solid Waste Fund

This fund accounts for the City's landfill, garbage/recycling collection service, brush and litter collection, street sweeping, illegal dumping cleanup, Keep Grand Prairie Beautiful, and auto-related business programs, as well as a number of special purpose transfers related to reserves for landfill closure, post-closure costs and environmental remediation. All costs are financed through charges to sanitation customers.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements and the fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position, and the operating statement presents increases (revenues) and decreases (expenses) in the net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when both *measurable* and *available*. *Measurable* means knowing, or being capable of calculating or estimating the amount to be received. *Available* means collectible within the current period or soon enough thereafter to pay current liabilities (generally sixty days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period when the related fund liability is incurred, except for general obligation bond principal and interest and expenditures related to compensated absences, which are recorded when due rather than when incurred.

Major revenue sources susceptible to accrual in the governmental funds include property taxes, sales taxes, franchise fees, charges for services, and intergovernmental revenues. Revenue is accrued when it is deemed available except for intergovernmental revenues.

Grant revenues are recognized not just when available, but when the qualifying expenditures have been incurred, and all other grant requirements have been met.

The City also reports *unavailable* and *unearned* revenues in its governmental funds. *Unavailable* revenues arise when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. *Unearned* revenues arise when the City receives revenue resources before it has legal claim to it, as when grant money is received prior to the incidence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resource, the revenue is recognized.

Proprietary Funds

As mentioned earlier, proprietary funds use the economic resources measurement focus and the accrual basis of accounting. The accounting objectives for proprietary funds are the determination of net income, financial position, and cash flows. Proprietary fund equity is segregated into (1) net investment in capital assets; (2) restricted net position, and (3) unrestricted net position. Proprietary funds distinguish operating revenues and expenses from the non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports two types of proprietary funds – enterprise funds and internal services funds.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is 1) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or operating income generated is appropriate for the purposes of capital maintenance, public policy, management control, and/or accountability. The City maintains five enterprise funds – water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. These enterprise funds are classified as business-type activities in both the government-wide and governmental fund financial statements.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has two internal service funds:

- **Fleet Services Fund** – accounts for a full range of services in managing and maintaining the City's fleet of vehicles and equipment.
- **Risk Management Fund** – accounts for premiums, deductibles and claims for the City's property, liability, workers compensation, and employee health and life insurance programs. The City reports all risk financing activities in the Risk Management Fund.

D. Assets, Liabilities, Deferred Outflows/Inflows Resources, and Net Position/Fund Balances

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings are recorded in the General Fund unless it is required by regulations or agreements to allocate to certain funds. In fiscal year 2018, the funds receiving allocation of interest earnings were the Grants Fund, Epic CIP Fund, Police Seizure Funds and the Water/Wastewater Fund. For purposes of the statements of cash flows, the City considers cash on hand, demand deposits, and investments with original maturities of three months or less to be cash equivalents.

Receivables and Payables

Major revenue sources susceptible to accrual are recorded as receivables when they become both measurable and available. Expenditures incurred during the current fiscal year but not yet paid are recorded as payables at fiscal year-end.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as due to/from other funds.

Inventories and Prepaid Items

Inventory consists primarily of supplies and material and is recorded at cost when purchased and expensed when consumed. For the General Fund, inventory is expensed on an actual specific-cost basis. Special Revenue and Enterprise Funds' inventory is charged out on a first-in, first-out basis, except for fuel inventory which is charged out on a moving-average basis. Prepaid balances are for payment made by the City in the current year to provide services occurring in the subsequent fiscal year. The cost of prepaid items is expensed when consumed rather than when purchased.

Accordingly, for both inventories and prepaid items, fund balance is classified as nonspendable for an amount equal to the cost to signify those funds are not available for spending.

Capital Assets and Depreciation

Capital assets (i.e. land, buildings, equipment, improvements other than buildings, infrastructure, and construction in progress) of all the funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date donated. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

The estimated useful lives of all depreciable assets are as follows:

Buildings	20 - 40 years
Machinery and Equipment	5 - 15 years
Improvements other than Buildings	20 - 40 years
Infrastructure	20 - 40 years

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position by the City that is applicable to a future reporting period, and as so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources are reported in the government-wide Statement of Net Position for governmental and business-type activities and in the Statement of Net Position in the fund financial statements only for proprietary funds. The City has the following items that qualify for reporting in this category.

- **Deferred charges on debt refunding** – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Pension and OPEB Employer contributions** – contributions made from the measurement date of the plans to the current fiscal year end (January to September). These contributions are deferred and recognized in the subsequent fiscal year.
- **Pension and OPEB investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68 and 75.
- **Pension and OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.

Deferred inflows of resources represents an acquisition of net position that is applicable to a future reporting period, and as so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflow of resources are reported in the basic financial statements the same as deferred outflows of resources. The City has the following items that qualify for reporting in this category.

- **Unavailable revenue** – at the governmental fund level, property tax and ambulance receivables recorded but not expected to be collected within than sixty days after fiscal year end are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.
- **Pension and OPEB actuarial experience** – the difference between the expected and actual experience in the actuarial measurement of the total pension and OPEB liability not recognized in the current year. This amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension or OPEB through the plans (active and inactive employees) for the City determined at the beginning of the measurement date.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

- **OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.
- **Pension investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68.

Compensated Absences

Employees are granted vacation benefits in varying amounts, depending on tenure with the City. These benefits accumulate pro rata by pay period. Payment for unused vacation will be made at upon separation of employment. Fire and police civil service employees who have completed their introductory period are paid up to 90 days sick leave upon separation of employment, excluding indefinite suspensions. The valuation of the civil service sick leave is at current pay rates. The valuation of accrued compensated absences includes salary-related payments such as the City's share of taxes and contributions to the retirement plan in accordance with GASB 16.

Accrued compensated absence liabilities are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements. Compensated absences are only reported in governmental funds if they are owed to separated employees at the end of the fiscal year.

Pensions

For purposes of measuring net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the Fiduciary Net Position of TMRS, and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits

The City provides postemployment healthcare benefits to all vested employees upon retirement from the City. Employees are vested in the City's pension plan with twenty-five years or more of service, regardless of age, or five years or more of service at age sixty and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note K starting on page 78.

Long-Term Debt

General obligation bonds and other debt issued for general government capital projects and acquisitions that are repaid from tax revenues are recorded in the governmental activities column in the government-wide Statement of Net Position. Debt issued to fund capital projects in the proprietary funds is recorded in both the business-type activities column in the government-wide Statement of Net Position and in the proprietary fund Statement of Net Position. Bond premiums and discounts, as well as deferred charges on refunded debt obligations, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements and in the proprietary funds. Bonds payable are reported net of applicable bond premiums and discounts.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Nature and Purpose of Classifications of Fund Equity

Restricted fund balances in the governmental funds are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments for specific purposes.

Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balances. To remove or change the constraint, the City Council must take the same level of action.

Assigned fund balances are determined by City management based on City Council direction, in accordance with financial policies adopted by resolution. Assigned fund balances are constrained by the intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance represents the amount that does not meet the criteria for restricted, committed, or assigned.

Nonspendable fund balances represent inventories and prepaid items.

The City considers expenditures to be made from the most restrictive classification when more than one classification is available.

Minimum Fund Balance Policy

It is the desire of the City to maintain an adequate fund balance in the General Fund in order to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum unassigned fund balance of 50 to 60 days of budgeted General Fund expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Restricted net position represents the difference between restricted assets and liabilities payable from these assets that is externally imposed by enabling legislation.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus deferred outflows from bond refundings, reduced by retainage payable and the outstanding balance of any debt used for acquisition, construction, or improvements of those assets, plus any unspent bond proceeds.

E. Budgetary Control

As set forth by the City Charter, the City Manager submits annual budgets to the City Council in August for the upcoming fiscal year. In September, the City Council adopts budgets for all governmental funds except for the Grants Fund, Police Seizure Funds, Public Improvement District Funds (PIDs), Tax Increment Financing District Funds (TIFs), and the Verizon Theatre Fund. For each governmental fund, budgeted appropriations (expenditures) may not exceed budgeted revenues plus beginning fund balances.

Capital project funds are controlled on a project basis and budgeted appropriations are carried forward each year until the project is completed.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Note 2. Detailed Notes

A. Deposits and Investments

Cash and Cash Equivalents

At September 30, 2018, the City reported cash and cash equivalents in the Statement of Net Position as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 2,900,230	\$ 7,171,164	\$ 10,071,394
Pooled investments	<u>59,952,834</u>	<u>2,952,755</u>	<u>62,905,589</u>
Total cash and cash equivalents	<u>\$ 62,853,064</u>	<u>\$ 10,123,919</u>	<u>\$ 72,976,983</u>

Of this amount, the City's cash carrying amount (book) and bank balances were as follows:

<u>Financial Institution</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Wells Fargo	\$ 10,045,422	\$ 14,219,954
Petty Cash	<u>25,972</u>	<u>-</u>
Total cash	<u>\$ 10,071,394</u>	<u>\$ 14,219,954</u>

Chapter 2257 Collateral for Public Funds of the Government Code requires that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. Per Wells Fargo Bank, N.A. and BNY Mellon's contractual obligation to the City, the collateral value held at the Federal Reserve Bank in the City's name at September 30, 2018 was \$10,268,232.

Grand Prairie Sports Facilities Development

At September 30, 2018, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was \$397,926 while the bank balance of the Sports Corporation's deposits was \$398,106. The bank balance was entirely covered by collateral held by the Sports Corporation's agent in the Sports Corporation's name.

Grand Prairie Housing Finance Corporation

The bank balance of HFC at December 31, 2017, including restricted cash, totaled \$806,877 all of which was covered by FDIC insurance and collateral held by the depository institution in HFC's name. HFC's unrestricted cash and cash equivalents had a balance of \$708,108. Restricted cash of \$98,769 (tenant security deposits) represents cash held on deposit by HFC for insurance proceeds received for damages to federally funded assets. The liability is recorded until final disposition of the proceeds is requested by HUD. Other assets include reserves of \$109,126 and bonds held by a trustee of \$1,183,787 as a debt service reserve.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Investments

The City and the Sports Corporation categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted for identical assets or liabilities in active markets that a government can access at the measurement date.)
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

	September 30, 2018	Fair Value Measurements Using:			Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash	\$ 10,071,394	\$ -	\$ -	\$ -		
Investments measured at amortized cost:						
Investment Pools:						
Texpool	24,424,476	-	-	-	1	AAAm
Investments measured at net asset value (NAV):						
Investment Pools:						
TexStar	38,481,113	-	-	-	1	AAAm
Investments by fair value level:						
U.S. government agency securities:						
US Treasuries	4,936,892	-	4,936,892	-	3	AAA
FAMCA	39,485,540	-	39,485,540	-	676	Not Rated
FFCB	52,651,530	-	52,651,530	-	328	AAA
FHLB	56,578,540	-	56,578,540	-	368	AAA
FHLMC	34,634,660	-	34,634,660	\$ -	472	AAA
FNMA	46,571,020	-	46,571,020	-	447	AAA
Total	\$ 307,835,165	\$ -	\$ 234,858,182	\$ -		

The amounts for TexStar and TexPool (pooled investments) are reported as cash equivalents in the Statement of Net Position.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of sixty days or less and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. *Texpool* has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *TexStar* investment pool is an external investment pool measured at NAV. *TexStar's* strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. *TexStar* has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment Policy

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must be written, primarily to emphasize safety of principal and liquidity; address 1) investment diversification, yield, and maturity, and 2) the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and, the maximum allowable stated maturity of any individual investment owned by the entity.

The City Council has adopted investment policies (policies) which are in accordance with the laws of the State of Texas, where applicable. The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establish appropriate polices. Authorized investments include obligations of the United States or its agencies and instrumentalities (except for mortgage pass-through securities), repurchase agreements, municipal securities, public funds investment pools, SEC regulated money market mutual funds and collateralized or insured certificates of deposit. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

City Of Grand Prairie, Texas
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The investment policies require that repurchase agreements be made pursuant to a master agreement, the collateral is a U. S. Treasury bill, note or bond; the security is held in safekeeping by the City's custodial agent; and the investment is transacted "delivery vs. payment" so that the City's interest in the underlying security is perfected. The City does not invest in reverse repurchase agreements. No City monies were invested in repurchase agreements at September 30, 2018.

Investment Risk

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than twelve months.

Credit risk – State law limits investments in commercial paper if the commercial paper is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. The City's policy does not allow investments in commercial paper.

Concentration of credit risk – Investments shall be diversified to reduce the risk of loss resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities.

The asset mix of the City's portfolio is expressed in terms of maximum commitment so as to allow flexibility to take advantage of market conditions. The asset mix requirements are as follows:

	<u>% Maximum</u>
1. U.S. Treasury bills and notes	100
2. U.S. agency or instrumentality obligations (each type)	25 ^a
3. Repurchase agreements	20
4. Municipal securities (total)	40
5. Municipal securities (out-of-state)	20
6. Certificates of deposit (per institution)	20
7. Money market mutual fund	50 ^b
8. Public funds investment pool	50

^a Total agency investments limited to no more than 100% of the total portfolio.

^b State law allows up to 80% of monthly average fund balance, excluding bond proceeds. The City limits its exposure to 50% to reduce risk.

In addition, the City may invest in callable securities but shall limit the total amount to no more than 50% of the portfolio. The City did not invest in any securities different from the categories mentioned above during the 2017-2018 fiscal year.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Grand Prairie Sports Facilities Development

The Corp has recurring fair value measurements as presented in the table below. The Corp's investment balances and weighted average maturity of such investments are as follows:

	September 30, 2018	Fair Value Measurements Using			Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash	\$ 397,926	\$ -	\$ -	\$ -		
Investments measured at amortized cost:						
Investment Pools:						
Texpool	1,661,925	-	-	-	1	AAAm
Investments by fair value level:						
U.S. government agency securities:						
US Treasuries	987,482	-	987,482	-	484	Not Rated
FFCB	2,971,544	-	2,971,544	-	579	AAA
FHLB	1,996,566	-	1,996,566	-	54	AAA
FNMA	3,455,428	-	3,455,427	-	367	AAA
Total	\$ 11,470,871	\$ -	\$ 9,411,019	\$ -		

The Sports Corporation is authorized to invest in obligations of the U.S. or its agencies and instrumentalities, certain repurchase agreements, municipal securities with a rating of at least A, collateralized or insured certificates of deposit, and SEC-registered, no-load money market mutual funds comprised of securities allowed under the Public Funds Investments Act and public funds investment pools. At year-end, all investments of the Sports Corporation were held by the Sports Corporation's agent in the Sports Corporation's name. The fair value of investments owned at September 30, 2018 was \$1,661,925 in the Public Funds Investment Pool (TexPool) and \$9,410,852 in U.S. agency instrumentalities.

B. Receivables

At September 30, 2018, receivables, including applicable allowances for uncollectible accounts, consisted of the following:

Governmental Activities	General	Grants	Debt Service	Nonmajor Governmental	Total Governmental
Receivables:					
Property taxes	\$ 2,131,222	\$ -	\$ 855,199	\$ -	\$ 2,986,421
Sales taxes	5,691,264	-	-	6,541,361	12,232,625
Franchise fees	2,595,603	-	-	67,086	2,662,689
Other	2,485,983	41,577	11,093	1,249,173	3,787,826
Total receivables, gross	12,904,072	41,577	866,292	7,857,620	21,669,561
Less:					
Allowance for uncollectibles	(976,725)	-	(341,926)	-	(1,318,651)
Total receivables, net	\$ 11,927,347	\$ 41,577	\$ 524,366	\$ 7,857,620	\$ 20,350,910
Business-Type Activities:	Water Wastewater	Solid Waste	Other Nonmajor	Total Business-Type	
Receivables:					
Trade accounts	\$ 10,205,840	\$ 1,745,387	\$ 925,791	\$ 12,877,018	
Less:					
Allowance for uncollectibles	(4,350,473)	(1,096,891)	(218,770)	(5,666,134)	
Total receivables, net	\$ 5,855,367	\$ 648,496	\$ 707,021	\$ 7,210,884	

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

C. Restricted Assets

At September 30, 2018, restricted assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 3,775,501	\$ 6,348,418	\$ 10,123,919
Investments	105,224,152	9,874,805	115,098,957
	<u>\$ 108,999,653</u>	<u>\$ 16,223,223</u>	<u>\$ 125,222,876</u>

Assets were restricted for the following purposes:

Purpose	Governmental Activities	Business-Type Activities	Total
Customer deposits	\$ 37,000	\$ 4,576,354	\$ 4,613,354
Debt service	5,997,807	7,641,214	13,639,021
Capital projects	48,705,428	4,005,655	52,711,083
Support services	13,613,483	-	13,613,483
Public safety	19,749,801	-	19,749,801
Recreation and leisure	10,526,452	-	10,526,452
Development services	9,961,907	-	9,961,907
Other specific purposes	407,775	-	407,775
Total restricted assets	<u>\$ 108,999,653</u>	<u>\$ 16,223,223</u>	<u>\$ 125,222,876</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

Governmental Activities	Balance October 1, 2017	Additions	Transfers/ Disposals/ Reclassification	Balance September 30, 2018
Non-depreciable capital assets:				
Land	\$ 45,603,692	\$ 952,817	\$ 17,185	\$ 46,573,694
Construction in progress	132,532,699	67,938,601	(37,225,080)	163,246,220
Total non-depreciable capital assets	178,136,391	68,891,418	(37,207,895)	209,819,914
Depreciable capital assets:				
Buildings	200,369,592	2,594,412	5,869,282	208,833,286
Equipment	103,522,189	11,627,219	8,426,940	123,576,348
Infrastructure	577,818,814	1,839,249	17,346,531	597,004,594
Total depreciable capital assets	881,710,595	16,060,880	31,642,753	929,414,228
Less accumulated depreciation for:				
Buildings	(71,749,780)	(6,714,599)	63,455	(78,400,924)
Equipment	(63,943,074)	(11,036,105)	4,461,311	(70,517,868)
Infrastructure	(308,946,286)	(24,637,255)	142,885	(333,440,656)
Total accumulated depreciation	(444,639,140)	(42,387,959)	4,667,651	(482,359,448)
Total depreciable capital assets, net	437,071,455	(26,327,079)	36,310,404	447,054,780
Total capital assets, net	<u>\$ 615,207,846</u>	<u>\$ 42,564,339</u>	<u>\$ (897,491)</u>	<u>\$ 656,874,694</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Business-Type Activities	Balance October 1, 2017	Additions	Transfers/ Disposals/ Reclassification	Balance September 30, 2018
Non-depreciable capital assets:				
Land	\$ 4,476,296	\$ 107,781	\$ 132,934	\$ 4,717,011
Construction in progress	33,801,497	9,298,257	(18,605,925)	24,493,829
Total non-depreciable capital assets	38,277,793	9,406,038	(18,472,991)	29,210,840
Depreciable capital assets:				
Buildings	19,394,365	94,502	402,374	19,891,241
Equipment	37,000,558	2,759,947	(1,810,874)	37,949,631
Infrastructure	379,704,694	6,066,993	17,831,446	403,603,133
Total depreciable capital assets	436,099,617	8,921,442	16,422,946	461,444,005
Less accumulated depreciation for:				
Buildings	(8,287,264)	(622,606)	6,666	(8,903,204)
Equipment	(21,637,380)	(2,677,286)	1,446,355	(22,868,311)
Infrastructure	(211,517,636)	(14,422,423)	282,149	(225,657,910)
Total accumulated depreciation	(241,442,280)	(17,722,315)	1,735,170	(257,429,425)
Total depreciable capital assets, net	194,657,337	(8,800,873)	18,158,116	204,014,580
Total capital assets, net	\$ 232,935,130	\$ 605,165	\$ (314,875)	\$ 233,225,420

Depreciation expense was charged to governmental and business-type activities as follows:

Governmental activities:		Business-type activities:	
Support services	\$ 3,369,780	Water and wastewater	\$ 14,512,955
Public safety services	8,149,056	Solid waste	1,482,530
Recreation and leisure services	8,672,637		
Development services	22,061,339	Other business-type activities	1,726,830
Internal services funds (see note below)	135,147		
Total governmental activities	\$ 42,387,959	Total business-type activities	\$ 17,722,315

Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets.

At September 30, 2018, a summary of changes in capital assets of the Sports Corporation was as follows:

	Balance October 1, 2017	Additions/ Completions	Transfers/ Disposals/ Reclasses	Balance September 30, 2018
Equipment	\$ 310,078	\$ -	\$ -	\$ 310,078
Less accumulated depreciation	(310,078)	-	-	(310,078)
Total	\$ -	\$ -	\$ -	\$ -

City Of Grand Prairie, Texas
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At September 30, 2018, a summary of changes in capital assets of the Housing Finance Corporation was as follows:

	Balance January 1, 2017	Additions/ Completions	Transfers/ Disposals/ Reclasses	Balance December 31, 2017
Non-depreciable capital assets:				
Land	\$ 1,612,851	\$ -	\$ -	\$ 1,612,851
Total non-depreciable capital assets	1,612,851	-	-	1,612,851
Depreciable capital assets:				
Buildings	20,203,170	751,057	(369,831)	20,584,396
Less accumulated depreciation	(8,444,239)	(952,697)	369,831	(9,027,105)
Total depreciable capital assets, net	11,758,931	(201,640)	-	11,557,291
Housing Finance Corporation assets, net	<u>\$ 13,371,782</u>	<u>\$ (201,640)</u>	<u>\$ -</u>	<u>\$ 13,170,142</u>

E. Interfund Transactions

Interfund Receivables and Payables

Interfund receivables and payables are reported in the City's financial statements as due to/from other funds. At September 30, 2018, interfund balances existed between the Capital Lending Reserve Fund and the Park Venue CIP Fund for \$90,953, between the Capital Lending Reserve Fund and Epic CIP/Sales Tax Fund for \$3,493,636, and between the General Fund and Grants Fund for \$1,500,000. In May 2014, citizens approved a quarter-cent sales tax to construct The Epic Center. Through an interfund borrowing agreement approved by the City Council, funds were loaned to the Epic CIP Fund to begin planning for this project. A portion of the funds loaned remain outstanding at September 30, 2018.

Cost Reimbursements

The cost of the City's central general and administrative services is allocated to the designated special revenue and enterprise funds. These costs are reported as interfund services provided and used rather than interfund transfers. Interfund services provided and used are arms-length transactions between departments or funds that would be treated as revenues, expenditures or expenses if they were with an external organization. The distinguishing aspect of interfund services provided and used are that each department or fund both gives and receives consideration.

Cost reimbursements for general and administrative services (indirect costs) are recorded as general and administrative revenue in the City's General Fund. Indirect costs are recorded as general and administrative expenses in the funds receiving these services.

For the year ended September 30, 2018, cost reimbursements were as follows:

Fund	Amount
Water and wastewater funds	\$ 3,895,242
Solid waste funds	341,938
Storm water funds	75,412
Airport fund	69,140
Other nonmajor governmental funds	330,807
Total to general fund	<u>\$ 4,712,539</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Franchise Fees

The City's enterprise funds, which use public right-of-way, pay franchise fees to the General Fund as if they were organizations separate from the City. These fees are not taxes, but are compensation to the City for the use of the City's right-of-way. These payments, 4% of gross revenues, are reported as interfund services provided and used rather than interfund transfers, and are reported as revenue (franchise fees) in the General Fund and expenses in the enterprise funds.

For the year ended September 30, 2018, franchise fees paid to the General Fund were as follows:

Fund	Amount
Water and wastewater funds	\$ 2,927,443
Solid waste funds	364,438
Storm water funds	275,062
Total	\$ 3,566,943

Interfund Transfers

Interfund transfers are made to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 4) make payments in lieu of property taxes.

Two of the City's enterprise funds, the Water and Wastewater Fund and the Solid Waste Fund, make payments in lieu of property taxes to the Street Maintenance Fund, which is a Nonmajor Governmental Fund to provide funding for street repairs. The payments are calculated by applying the City's property tax rate to the net book value of the enterprise funds' capital assets. Since the calculation methodology is not the same as that applied to similar activities in the private sector in several respects, these payments are recorded as transfers in/out rather than as operating revenues/expenses.

At September 30, 2018, transfers between the City's governmental activities and the City's business-type activities consisted of the following:

Transfers out	Transfers In					
	General Fund	Section 8 Fund	Streets CIP Fund	Grants Fund	Debt Service Fund	Epic CIP Fund
General Fund	\$ -	\$ 33,812	\$ -	\$ 796,144	\$ -	\$ -
Section 8 Fund	-	-	-	-	50,000	-
Streets CIP Fund	-	-	-	2,662,296	-	-
Grants Fund	-	-	1,480,000	-	-	-
Debt Service Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	-	-	-	578,670	-	3,700,000
Internal Service Funds	-	-	-	-	-	-
Water & Wastewater Fund	-	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-	-
Nonmajor Enterprise Funds	-	-	-	-	-	-
Total	\$ -	\$ 33,812	\$ 1,480,000	\$ 4,037,110	\$ 50,000	\$ 3,700,000

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Transfers out	Transfers In					Total
	Nonmajor Governmental Funds	Water Wastewater Fund	Solid Waste Fund	Other Nonmajor Enterprise Funds	Internal Service Fund	
General Fund	\$ 9,018,574	\$ -	\$ -	\$ -	\$ 257,621	\$ 10,106,151
Section 8 Fund	-	-	-	-	-	50,000
Streets CIP Fund	-	-	-	-	-	2,662,296
Grants Fund	51,226	-	-	-	-	1,531,226
Debt Service Fund	-	-	-	224,116	-	224,116
Nonmajor Governmental Funds	10,357,234	143,008	-	430,000	-	15,208,912
Internal Service Funds	75,194	-	-	-	-	75,194
Water & Wastewater Fund	1,356,253	-	-	-	30,669	1,386,922
Solid Waste Fund	295,911	-	-	-	11,710	307,621
Nonmajor Enterprise Funds	5,375,000	-	-	-	-	5,375,000
Total	\$ 26,529,392	\$ 143,008	\$ -	\$ 654,116	\$ 300,000	\$ 36,927,438

From Governmental Activities to Business-Type Activities:

- \$16,000 from PID Fund to Water and Wastewater Fund for capital project funding
- \$430,000 from Park Venue Sales Tax Fund to Municipal golf Fund for fiscal operations

From Business-Type Activities to Governmental Activities:

- \$200,000 from Solid Waste Fund to Street Maintenance Fund for payments in lieu of property taxes
- \$5,327,000 from Storm Water Utility Fund to Storm Drainage CIP Fund for capital project funding
- \$200,000 from Solid Waste to Street Maintenance Fund for capital project funding
- \$150,000 from Water and Wastewater Fund to IT Acquisition Fund for technology services
- \$48,000 from Airport Fund to Capital Lending Reserve for repayment of inter fund loan
- \$11,710 from Solid Waste Fund to Risk Management Fund for fiscal operations
- \$30,669 from Water and Wastewater Fund to Risk Management Fund for operations

Other significant transfers made between governmental funds included the following:

- \$6,568,574 General to Park Venue, along with other sources, for fiscal operations
- \$3,700,000 from Epic Sales Tax Fund to Epic CIP for capital project funding
- \$950,000 from General to IT & Equipment Acquisition funds (annual appropriation)
- \$796,144 from General to Grants to fund matching requirements related to operating grants
- \$257,621 from General to Risk Management for fiscal operations
- \$1,500,000 from General to Fleet Services funds for maintenance and equipment
- \$2,462,600 from Park Venue to Park Capital Fund for improvements to infrastructure and equipment at city wide parks
- \$450,000 from Lake Parks to Lake Parks CIP for improvements to park amenities
- \$2,000,000 from Municipal Facilities CIP to Parks CIP to replace and improve aging infrastructure
- \$600,000 from Capital Reserve and Capital & Lending Funds to Municipal Facilities for building improvements & equipment

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2018

F. Deferred Outflows/Inflows of Resources

Deferred Inflows of Resources - Unavailable Revenue

The governmental funds report unavailable revenues from the following sources:

	General Fund	Debt Service Fund	Total
Property taxes	\$ 1,141,088	\$ 461,991	\$ 1,603,079
Ambulance	685,988	-	685,988
Total	\$ 1,827,076	\$ 461,991	\$ 2,289,067

In the government-wide Statement of Activities, these amounts were reported as revenue in the period in which they were earned.

G. Unearned Revenue

Unearned revenue is a liability for resources obtained prior to revenue recognition. Below is a summary of the City's unearned revenue as of September 30, 2018.

	Governmental Activities	Business-Type Activities	Total
Prepaid pipeline lease	\$ 1,042,432	\$ 146,438	\$ 1,188,870
Prepaid arrangements - Cemetery Fund	1,364,431	-	1,364,431
Unspent grant funds - Texas Water Development Board	-	905,606	905,606
Prepaid rental deposits - Parks	155,666	-	155,666
Park Venue Fund deposits on events to be held	23,832	-	23,832
Unspent program revenue - CDBG Program	290,247	-	290,247
Total unearned revenue	\$ 2,876,608	\$ 1,052,044	\$ 3,928,652

H. Long-Term Obligations

Compensated Absences and Postemployment Benefits

Governmental activities record liabilities for compensated absences and retiree postemployment costs at the government-wide financial statement level. Generally, these liabilities are paid from the General Fund. Liabilities for business-type activities are recorded and liquidated in the fund that incurs the liability.

Long-Term Debt

Governmental Activities

Long-term debt in the governmental activities column of the government-wide Statement of Net Position consists of general obligation bonds (including refunding), certificates of obligation bonds, sales tax revenue bonds, and unamortized bond premium/discounts. The certificates of obligation bonds include bonds issued in 2010 for Tax Increment Financing Zones No. 2 project.

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General obligation bonds and certificates of obligation provide funds for the acquisition and construction of capital equipment and facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity.

Below is a summary of the changes in noncurrent liabilities of the City's primary government and component units:

	Balance October 1, 2017	Borrowings or Increase	Payments or Decrease	Balance September 30, 2018	Due Within One Year
Primary government:					
Governmental activities:					
General obligation bonds	\$ 79,130,000	\$ -	\$ (8,920,000)	\$ 70,210,000	\$ 9,390,000
Combination tax and revenue certificates of obligation	112,070,000	36,515,000	(6,810,000)	141,775,000	9,730,000
Tax increment and public district bonds	14,315,000	-	(3,160,000)	11,155,000	3,275,000
Sales tax revenue bonds - Epic	74,825,000	-	-	74,825,000	2,110,000
Sales tax revenue bonds - Crime	24,770,000	-	(4,240,000)	20,530,000	4,650,000
Sales tax revenue bonds - Park Venue	24,330,000	-	(1,875,000)	22,455,000	1,930,000
Issuance premiums/discounts, net	18,506,293	3,713,550	(1,518,598)	20,701,245	-
Total long-term debt	347,946,293	40,228,550	(26,523,598)	361,651,245	31,085,000
Compensated absences	17,345,505	8,528,323	(7,788,172)	18,085,656	8,292,305
Other post employment benefits	56,350,253	4,184,577	(6,788,429)	53,746,401	-
Pension liability	72,615,231	52,294,534	(78,864,723)	46,045,042	-
Environmental remediation liability	182,709	49,040	(173,374)	58,375	58,375
Other liabilities	1,460,919	-	-	1,460,919	160,776
Total governmental activities	495,900,910	105,285,024	(120,138,296)	481,047,638	39,596,456
Business-type activities:					
Certificates of obligation	1,180,000	-	(145,000)	1,035,000	150,000
Water and wastewater revenue bonds	56,490,000	2,755,000	(4,810,000)	54,435,000	4,940,000
Obligations under capital leases	956,022	-	(625,893)	330,129	330,129
Issuance premiums/discounts, net	3,505,394	509,039	-	4,014,433	-
Total long-term debt	62,131,416	3,264,039	(5,580,893)	59,814,562	5,420,129
Compensated absences	487,664	463,394	(487,664)	463,394	373,856
Other post employment benefits	5,971,887	443,574	(718,221)	5,697,240	-
Pension liability	8,132,502	5,543,338	(8,794,963)	4,880,877	-
Closure and post closure liability	7,464,921	474,336	-	7,939,257	-
Total business-type activities	84,188,390	10,188,681	(15,581,741)	78,795,330	5,793,985
Total primary government	\$ 580,089,300	\$ 115,473,705	\$ (135,720,037)	\$ 559,842,968	\$ 45,390,441
Component unit activities:					
Housing Finance Corporation:					
Notes payable	\$ 3,570,958	\$ 41,220	\$ (55,062)	\$ 3,557,116	\$ 58,011
Revenue bonds	7,615,000	-	(220,000)	7,395,000	235,000
Subordinate revenue bonds	4,550,000	-	-	4,550,000	-
Total component units	\$ 15,735,958	\$ 41,220	\$ (275,062)	\$ 15,502,116	\$ 293,011

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, long-term debt for the City's governmental activities consisted of the following:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General obligation bonds:					
Series 2008	4.0-5.5	2009	2029	\$ 8,985,000	\$ -
Series 2010	2.0-4.25	2010	2030	5,480,000	250,000
Series 2011	2.0-5.3	2011	2031	11,550,000	5,040,000
Series 2011A	2.0-5.0	2011	2025	30,960,000	14,520,000
Series 2012	1.0-2.0	2012	2026	27,400,000	5,355,000
Series 2013	1.5-3.25	2013	2033	10,975,000	4,230,000
Series 2013A	3.0-4.125	2014	2034	2,220,000	1,890,000
Series 2015	1.75-5.0	2016	2027	10,270,000	8,620,000
Series 2016	3.0-5.0	2016	2030	33,810,000	<u>30,305,000</u>
Total general obligation bonds					70,210,000
Combination tax and revenue certificates of obligation					
Series 2008A	4.0-5.50	2009	2029	13,185,000	-
Series 2010	2.0-4.25	2010	2030	590,000	25,000
Series 2011	2.0-5.3	2011	2031	6,305,000	4,640,000
Series 2011A	2.0-4.0	2011	2031	7,430,000	5,500,000
Series 2013	2.0-3.25	2013	2033	8,830,000	7,100,000
Series 2013A	2.0-4.125	2014	2034	11,945,000	10,215,000
Series 2014	3.0-5.0	2015	2034	26,125,000	20,890,000
Series 2015	2.0-5.0	2016	2035	27,380,000	24,985,000
Series 2016	2.0-4.0	2016	2036	33,705,000	31,905,000
Series 2017	2.25-5.0	2017	2037	36,515,000	<u>36,515,000</u>
Total combination tax and revenue certificates of obligation					141,775,000
Tax increment and public improvement district debt					
Series 2001 TIRZ 1	3 month LIBOR + .31%	2000	2022	17,900,000	5,910,000
Series 2008A TIRZ 1	4.0-5.50	2008	2021	10,550,000	-
Series 2008A PID 1	4.0-5.50	2008	2019	1,500,000	-
Series 2011 TIRZ 1	2.0-5.3	2011	2020	655,000	160,000
Series 2013 TIRZ 1	2.0-3.25	2013	2020	2,820,000	855,000
Series 2015 TIRZ 1	1.750-5.0	2016	2027	895,000	440,000
Series 2015 PID 5	2.0-5.0	2016	2035	640,000	515,000
Series 2016 TIRZ 1	3.0-5.0	2016	2030	3,135,000	3,095,000
Series 2016 PID	3.0-5.0	2016	2030	180,000	<u>180,000</u>
Total tax increment and public improvement district debt					11,155,000
Sales tax revenue debt					
Series 2008 Crime Control	6mo LIBOR*62.075+1.07	2008	2022	54,800,000	<u>20,530,000</u>
Total Crime Control					20,530,000
Series 2009 Park Venue subordinate	3.77	2009	2027	13,390,000	8,760,000
Series 2013 Park Venue	2.0-4.0	2013	2027	11,060,000	7,225,000
Series 2016 Park Venue	2.0-4.0	2016	2036	6,730,000	<u>6,470,000</u>
Total Park Venue					22,455,000
Sales tax revenue debt					
Series 2015 EPIC	3.721-5.032	2015	2040	74,825,000	<u>74,825,000</u>
Total EPIC					<u>74,825,000</u>
Total general obligation debt					340,950,000
Unamortized bond premiums/discounts					<u>20,701,245</u>
Total long-term debt - governmental activities					<u>\$ 361,651,245</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, changes in long-term debt for the City's governmental activities were as follows:

	Balance October 1, 2017	Borrowings or Increase	Payments or Decrease	Balance September 30, 2018	Due Within One Year
General obligation bonds:					
Series 2008	\$ 395,000	\$ -	\$ (395,000)	\$ -	\$ -
Series 2010	490,000	-	(240,000)	250,000	250,000
Series 2011	5,720,000	-	(680,000)	5,040,000	700,000
Series 2011A	17,260,000	-	(2,740,000)	14,520,000	2,675,000
Series 2012	5,950,000	-	(595,000)	5,355,000	610,000
Series 2013	4,790,000	-	(560,000)	4,230,000	460,000
Series 2013A	1,975,000	-	(85,000)	1,890,000	90,000
Series 2015	9,365,000	-	(745,000)	8,620,000	765,000
Series 2016	33,185,000	-	(2,880,000)	30,305,000	3,840,000
Total general obligation bonds	79,130,000	-	(8,920,000)	70,210,000	9,390,000
Combination tax and revenue certificates of obligation					
Series 2008A	525,000	-	(525,000)	-	-
Series 2010	50,000	-	(25,000)	25,000	25,000
Series 2011	4,895,000	-	(255,000)	4,640,000	265,000
Series 2011A	5,840,000	-	(340,000)	5,500,000	345,000
Series 2013	7,475,000	-	(375,000)	7,100,000	385,000
Series 2013A	10,660,000	-	(445,000)	10,215,000	460,000
Series 2014	22,725,000	-	(1,835,000)	20,890,000	1,925,000
Series 2015	26,195,000	-	(1,210,000)	24,985,000	1,240,000
Series 2016	33,705,000	-	(1,800,000)	31,905,000	1,845,000
Series 2017	-	36,515,000	-	36,515,000	3,240,000
Total combination tax and revenue certificates of obligation	112,070,000	36,515,000	(6,810,000)	141,775,000	9,730,000
Tax increment and public improvement district debt					
Series 2001 TIRZ 1	7,150,000	-	(1,240,000)	5,910,000	1,330,000
Series 2008A TIRZ 1	970,000	-	(970,000)	-	-
Series 2008A PID 1	175,000	-	(175,000)	-	-
Series 2011 TIRZ 1	235,000	-	(75,000)	160,000	80,000
Series 2013 TIRZ 1	1,270,000	-	(415,000)	855,000	420,000
Series 2015 TIRZ 1	660,000	-	(220,000)	440,000	215,000
Series 2015 PID 5	580,000	-	(65,000)	515,000	65,000
Series 2016 - TIRZ 1	3,095,000	-	-	3,095,000	985,000
Series 2016 - PID	180,000	-	-	180,000	180,000
improvement district debt	14,315,000	-	(3,160,000)	11,155,000	3,275,000
Sales tax revenue debt:					
Crime Control					
Series 2008	24,770,000	-	(4,240,000)	20,530,000	4,650,000
Total Crime Control	24,770,000	-	(4,240,000)	20,530,000	4,650,000
Park Venue					
Series 2009 subordinate	9,715,000	-	(955,000)	8,760,000	990,000
Series 2013	7,885,000	-	(660,000)	7,225,000	675,000
Series 2016 Park Venue	6,730,000	-	(260,000)	6,470,000	265,000
Total Park Venue	24,330,000	-	(1,875,000)	22,455,000	1,930,000
EPIC					
Series 2015 EPIC	74,825,000	-	-	74,825,000	2,110,000
Total EPIC	74,825,000	-	-	74,825,000	2,110,000
Total change in long term debt	329,440,000	36,515,000	(25,005,000)	340,950,000	31,085,000
Unamortized bond premiums/discounts	18,506,293	3,713,550	(1,518,598)	20,701,245	-
Total change in long-term debt - governmental activities	\$ 347,946,293	\$ 40,228,550	\$ (26,523,598)	\$ 361,651,245	\$ 31,085,000

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

On October 17, 2017, the City issued \$36,515,000 in Combination Tax and Revenue Certificates, Series 2017. The proceeds were used to fund public safety, library, street, and other City structure improvements.

Outstanding Bond Debt Defeasement

At September 30, 2018, certain outstanding debt of the city was considered to be defeased. The following table details such outstanding defeased debt:

Type of Obligation	Defeased Debt Outstanding
Certificates of obligation	\$ 1,515,000
General obligation refunding bonds	3,060,000
Total debt defeasement	\$ 4,575,000

At September 30, 2018, the aggregate debt service payments for long-term debt through the final year of maturity for the City's governmental activities were as follows:

Fiscal Year	General Obligation Bonds			Certificates of Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 9,390,000	\$ 2,667,395	\$ 12,057,395	\$ 9,730,000	\$ 5,322,799	\$ 15,052,799
2020	8,595,000	2,329,201	10,924,201	10,065,000	4,971,286	15,036,286
2021	8,445,000	1,984,073	10,429,073	10,445,000	4,590,386	15,035,386
2022	8,140,000	1,664,626	9,804,626	10,210,000	4,185,261	14,395,261
2023	6,905,000	1,383,801	8,288,801	10,320,000	3,768,918	14,088,918
2024	6,545,000	1,123,383	7,668,383	10,710,000	3,378,836	14,088,836
2025	5,595,000	875,726	6,470,726	6,470,000	3,056,614	9,526,614
2026	5,250,000	638,414	5,888,414	6,340,000	2,804,603	9,144,603
2027	4,735,000	405,508	5,140,508	6,580,000	2,553,668	9,133,668
2028	2,315,000	234,408	2,549,408	6,855,000	2,289,250	9,144,250
2029	2,205,000	126,660	2,331,660	7,115,000	2,018,478	9,133,478
2030	770,000	61,303	831,303	7,405,000	1,728,071	9,133,071
2031	405,000	40,956	445,956	7,710,000	1,431,049	9,141,049
2032	375,000	26,856	401,856	6,960,000	1,159,273	8,119,273
2033	385,000	13,306	398,306	7,235,000	884,309	8,119,309
2034	155,000	3,197	158,197	6,940,000	590,959	7,530,959
2035	-	-	-	5,425,000	328,050	5,753,050
2036	-	-	-	3,730,000	135,800	3,865,800
2037	-	-	-	1,530,000	30,600	1,560,600
	<u>\$ 70,210,000</u>	<u>\$ 13,578,813</u>	<u>\$ 83,788,813</u>	<u>\$ 141,775,000</u>	<u>\$ 45,228,210</u>	<u>\$ 187,003,210</u>
Fiscal Year	Tax and Tax Increment Bonds (TIFs)			Sales Tax Revenue Bonds-Crime Control		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 3,275,000	\$ 957,720	\$ 4,232,720	\$ 4,650,000	\$ 666,521	\$ 5,316,521
2020	3,260,000	685,153	3,945,153	5,085,000	523,818	5,608,818
2021	2,675,000	400,012	3,075,012	5,550,000	362,321	5,912,321
2022	1,710,000	133,833	1,843,833	5,245,000	188,894	5,433,894
2023	75,000	7,950	82,950	-	-	-
2024	80,000	5,600	85,600	-	-	-
2025	80,000	2,000	82,000	-	-	-
	<u>\$ 11,155,000</u>	<u>\$ 2,192,268</u>	<u>\$ 13,347,268</u>	<u>\$ 20,530,000</u>	<u>\$ 1,741,554</u>	<u>\$ 22,271,554</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Fiscal Year	Sales Tax Revenue Bonds-Park Venue			Sales Tax Revenue Bonds-EPIC		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,930,000	\$ 762,178	\$ 2,692,178	\$ 2,110,000	\$ 3,353,062	\$ 5,463,062
2020	1,990,000	701,651	2,691,651	2,195,000	3,266,962	5,461,962
2021	2,050,000	637,855	2,687,855	2,285,000	3,177,362	5,462,362
2022	2,120,000	571,674	2,691,674	2,375,000	3,084,162	5,459,162
2023	2,190,000	499,449	2,689,449	2,475,000	2,987,162	5,462,162
2024	2,270,000	418,804	2,688,804	2,575,000	2,886,162	5,461,162
2025	2,360,000	331,134	2,691,134	2,680,000	2,781,062	5,461,062
2026	2,450,000	240,997	2,690,997	2,785,000	2,675,647	5,460,647
2027	1,170,000	172,548	1,342,548	2,895,000	2,567,509	5,462,509
2028	370,000	142,438	512,438	3,010,000	2,449,919	5,459,919
2029	385,000	127,338	512,338	3,140,000	2,323,165	5,463,165
2030	400,000	111,638	511,638	3,275,000	2,187,743	5,462,743
2031	420,000	95,238	515,238	3,425,000	2,035,914	5,460,914
2032	435,000	78,138	513,138	3,590,000	1,868,185	5,458,185
2033	455,000	60,338	515,338	3,770,000	1,692,208	5,462,208
2034	470,000	43,600	513,600	3,955,000	1,507,503	5,462,503
2035	485,000	28,081	513,081	4,145,000	1,313,832	5,458,832
2036	505,000	10,100	515,100	4,355,000	1,105,153	5,460,153
2037	-	-	-	4,580,000	880,348	5,460,348
2038	-	-	-	4,815,000	643,970	5,458,970
2039	-	-	-	5,065,000	395,389	5,460,389
2040	-	-	-	5,325,000	133,977	5,458,977
	<u>\$ 22,455,000</u>	<u>\$ 5,033,199</u>	<u>\$ 27,488,199</u>	<u>\$ 74,825,000</u>	<u>\$ 45,316,396</u>	<u>\$ 120,141,396</u>

Fiscal Year	Total		
	Principal	Interest	Total
2019	\$ 31,085,000	\$ 13,729,675	\$ 44,814,675
2020	31,190,000	12,478,071	43,668,071
2021	31,450,000	11,152,009	42,602,009
2022	29,800,000	9,828,450	39,628,450
2023	21,965,000	8,647,280	30,612,280
2024	22,180,000	7,812,785	29,992,785
2025	17,185,000	7,046,536	24,231,536
2026	16,825,000	6,359,661	23,184,661
2027	15,380,000	5,699,233	21,079,233
2028	12,550,000	5,116,015	17,666,015
2029	12,845,000	4,595,641	17,440,641
2030	11,850,000	4,088,755	15,938,755
2031	11,960,000	3,603,157	15,563,157
2032	11,360,000	3,132,452	14,492,452
2033	11,845,000	2,650,161	14,495,161
2034	11,520,000	2,145,259	13,665,259
2035	10,055,000	1,669,963	11,724,963
2036	8,590,000	1,145,853	9,735,853
2037	6,110,000	880,348	6,990,348
2038	4,815,000	643,970	5,458,970
2039	5,065,000	395,389	5,460,389
2040	5,325,000	133,977	5,458,977
	<u>\$ 340,950,000</u>	<u>\$ 112,954,640</u>	<u>\$ 453,904,640</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Business-Type Activities

Long-term debt in the business-type activities column of the government-wide Statement of Net Position consists of general obligation refunding bonds, water and wastewater system revenue bonds, certificates of obligation bonds, and unamortized bond premiums/discounts. Bonds issued for business-type activities are secured by a pledge of the property tax levy of the City, but are self-supporting obligations which are paid from the respective net revenues of each activity. Bond proceeds are used to fund additions and improvements to the City's water and wastewater system, solid waste system, municipal golf courses, and municipal airport.

At September 30, 2018, long-term debt for the City's business-type activities consisted of the following:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Water and wastewater:					
Revenue bonds					
Series 2008	3.5-5.50	2009	2029	\$ 4,940,000	\$ -
Series 2010	0.0-2.587	2010	2030	4,995,000	3,345,000
Series 2011	2.0-4.25	2011	2031	8,940,000	2,805,000
Series 2011A	2.0-5.0	2011	2031	11,020,000	6,655,000
Series 2013	2.0-4.0	2013	2026	14,045,000	10,150,000
Series 2013A	0.0-0.31	2013	2019	1,805,000	305,000
Series 2014	0.0-1.990	2014	2030	4,000,000	3,040,000
Series 2015	2.25-4.0	2015	2027	4,155,000	3,595,000
Series 2016	2.0-5.0	2016	2036	17,625,000	17,065,000
Series 2017	0.0-0.8	2017	2030	5,110,000	4,720,000
Series 2017A	2.0-4.0	2017	2036	2,755,000	2,755,000
Total bonds payable - water wastewater					54,435,000
Unamortized bond premiums/discounts					4,014,433
Total long-term debt - water wastewater					58,449,433
Municipal airport:					
Certificates of obligation bonds					
Series 2004A	2.25-5.0	2004	2024	2,120,000	1,035,000
Solid waste					
Obligations under capital lease					
D8T tractor	2.99	2016	2018	772,839	330,129
Landfill compactor	2.99	2016	2018	1,034,539	-
Total obligations under capital lease					330,129
Total long-term debt - business-type activities					\$ 59,814,562

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, changes in long-term debt for the City's business-type activities were as follows:

	Balance October 1, 2017	Borrowings or Increase	Payments or Decrease	Balance September 30, 2018	Due Within One Year
Water and wastewater:					
Revenue bonds					
Series 2008	\$ 215,000	\$ -	\$ (215,000)	\$ -	\$ -
Series 2010	3,575,000	-	(230,000)	3,345,000	235,000
Series 2011	3,620,000	-	(815,000)	2,805,000	840,000
Series 2011A	7,370,000	-	(715,000)	6,655,000	750,000
Series 2013	11,250,000	-	(1,100,000)	10,150,000	1,260,000
Series 2013A	605,000	-	(300,000)	305,000	305,000
Series 2014	3,280,000	-	(240,000)	3,040,000	240,000
Series 2015	3,840,000	-	(245,000)	3,595,000	120,000
Series 2016	17,625,000	-	(560,000)	17,065,000	800,000
Series 2017	5,110,000	-	(390,000)	4,720,000	390,000
Series 2017A	-	2,755,000	-	2,755,000	-
Total revenue bonds	56,490,000	2,755,000	(4,810,000)	54,435,000	4,940,000
Bond premiums/discounts	3,505,394	509,039	-	4,014,433	-
Total water and wastewater	59,995,394	3,264,039	(4,810,000)	58,449,433	4,940,000
Municipal airport:					
Certificate of obligation					
Series 2004A	1,180,000	-	(145,000)	1,035,000	150,000
Total municipal airport	1,180,000	-	(145,000)	1,035,000	150,000
Solid waste:					
Obligations under capital lease					
D8T tractor	543,361	-	(213,232)	330,129	330,129
Landfill compactor	412,661	-	(412,661)	-	-
Total general obligation bonds	956,022	-	(625,893)	330,129	330,129
Total solid waste	956,022	-	(625,893)	330,129	330,129
Total change in long-term debt - business-type activities	\$ 62,131,416	\$ 3,264,039	\$ (5,580,893)	\$ 59,814,562	\$ 5,420,129

On October 17, 2017, the City issued \$2,755,000 in Water and Wastewater System Revenue Refunding Bonds, Series 2017A. The proceeds were used to improve the Water and Wastewater system and to pay the costs associated with the issuance of the bonds.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, the aggregate debt service payments for long-term debt through the final year of maturity for the City's water and wastewater system were as follows:

Fiscal Year	Water and Wastewater System Revenue Bonds		
	Principal	Interest	Total
2019	\$ 4,940,000	\$ 1,604,918	\$ 6,544,918
2020	5,075,000	1,468,997	6,543,997
2021	5,220,000	1,324,107	6,544,107
2022	5,365,000	1,178,577	6,543,577
2023	5,480,000	1,027,404	6,507,404
2024	5,535,000	857,772	6,392,772
2025	4,995,000	684,274	5,679,274
2026	4,005,000	528,159	4,533,159
2027	3,760,000	393,944	4,153,944
2028	2,170,000	301,004	2,471,004
2029	2,235,000	236,534	2,471,534
2030	1,900,000	176,802	2,076,802
2031	935,000	131,500	1,066,500
2032	690,000	99,000	789,000
2033	720,000	70,800	790,800
2034	450,000	47,400	497,400
2035	470,000	29,000	499,000
2036	490,000	9,800	499,800
Total	\$ 54,435,000	\$ 10,169,992	\$ 64,604,992

At September 30, 2018, long-term debt is being repaid solely from airport revenues. Aggregate debt service payments for long-term debt through the final year of maturity for the City's municipal airport were as follows:

Fiscal Year	Certificates of Obligation		
	Principal	Interest	Total
2019	\$ 150,000	\$ 46,979	\$ 196,979
2020	160,000	39,710	199,710
2021	170,000	31,830	201,830
2022	175,000	23,375	198,375
2023	185,000	14,375	199,375
2024	195,000	4,875	199,875
Total	\$ 1,035,000	\$ 161,144	\$ 1,196,144

Capital Lease Obligations – Solid Waste

The City entered into two capital lease agreements in July 2016 for the purchase of a D8T tractor and a landfill compactor. The leased property under the capital lease is classified as equipment with the total capitalized cost of \$1,807,378 and an amortized values of approximately \$1,385,656 at September 30, 2018. Amortization expense has been include in depreciation expense for the year ended September 30, 2018.

City Of Grand Prairie, Texas
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The following is a schedule of future minimum payments under the capital leases together with the present value of the net minimum lease payments as of September 30, 2018.

Year Ending September 30,		
2019	\$	340,000
Less amount representing interest		9,871
	\$	330,129

Water and Wastewater System Debt Service Coverage

The following covenants are included in various water and wastewater system revenue bond indenture ordinances:

- Net revenues (defined as gross revenues less expenses of operation and maintenance) are pledged for the payment of bond principal and interest.
- Additional water and wastewater system revenue bonds cannot be issued unless the “net earnings” (defined as gross revenues after deducting the expenses of operation and maintenance, excluding depreciation and certain other items specified in the ordinances) of the system for twelve consecutive months out of the fifteen months prior to the date of such bonds is equal to at least 1.25 times the average annual requirements for the payment of principal and interest on the then-outstanding bonds and any additional bonds then proposed to be issued.
- All revenues derived from the operations must be kept separate from other funds of the City.
- The amount required to meet interest and principal payments falling due on or before the next maturity dates of the bonds is to be paid into the water and wastewater system interest and redemption account during each year.

At September 30, 2018, compliance with these covenants can be demonstrated as follows:

System revenue ⁽¹⁾	\$	80,173,357
Operating expenses:		
Water purchased		16,917,148
Sewage disposal contract		15,577,535
Other operating expenses		23,953,483
Total expenses ⁽²⁾		56,448,166
Net revenue (available for debt service)	\$	23,725,191
Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2018	\$	3,589,166
Coverage of average annual requirements based on September 30, 2018 revenue available for debt service		6.61

(1) Includes operating revenues, plus investment income and impact fees

(2) Excludes depreciation expense.

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Grand Prairie Housing Finance Corporation

The GPHFC has a general obligation note payable to a bank which was used to construct the Cotton Creek and Willow Tree Learning Center. The note bears a rate of 4.25% and is payable in equal monthly installments of \$12,438 through September 21, 2040.

In December, 2003, the HFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its planned Senior Living Center facility. The bonds bear interest rates from 7.5% to 7.75% depending on longevity. Beginning January 1, 2014, semi-annual retirements of the Bonds began and continues through January 1, 2034. The bonds are non-recourse liabilities collateralized solely by the land and construction in progress, less the accrued interest.

A summary of long-term debt activity during the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Note payable	\$ 2,228,945	\$ -	\$ (55,602)	\$ 2,173,343	\$ 58,011
Revenue bonds	7,615,000	-	(220,000)	7,395,000	235,000
Subordinate bonds	4,550,000	-	-	4,550,000	-
Developer loan	1,342,013	41,760	-	1,383,773	-
Total	\$ 15,735,958	\$ 41,760	\$ (275,602)	\$ 15,502,116	\$ 293,011

Effective July 1, 2010 the bonds of the Senior Living Center were reissued in two series: \$8,630,000 in Priority Lien Revenue Bonds and \$4,550,000 in Subordinate Lien Revenue Bonds.

Future maturities of the debt are as follows:

Year Ending December 31,	Note Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 58,011	\$ 91,246	\$ 235,000	\$ 567,978
2019	60,525	88,732	255,000	549,488
2020	63,148	86,109	265,000	529,838
2021	65,885	83,372	295,000	508,981
2022	68,740	80,517	315,000	485,731
2023-2027	391,052	355,231	2,005,000	2,011,319
2028-2032	483,458	262,825	2,925,000	1,084,225
2033-2037	597,700	148,582	1,100,000	85,444
2038-2040	384,824	34,056	-	-
Total	\$ 2,173,343	\$ 1,230,670	\$ 7,395,000	\$ 5,823,004

The Subordinate Lien Revenue Bonds are not scheduled above as their payments are contingent upon cash flow and payment amounts and periods are uncertain.

Leases

Grand Prairie Sports Facilities Development (Sports Corporation) – A Component Unit

On September 15, 1995, the Sports Corporation and LSJC entered into a lease agreement. On October 23, 2002, Lone Star, LSJC, and MEC Lone Star, L.P. (MEC) entered into an asset purchase agreement whereby MEC agreed to purchase substantially all of the racing assets of Lone Star and LSJC. The Master Agreement between the Sports Corporation, Lone Star, and LSJC was terminated. Lone Star and LSJC assigned to MEC all of their rights and obligations under the lease and certain ancillary agreements with the Sports Corporation.

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On March 5, 2009, Magna Entertainment Corporation, the parent company of MEC, filed for bankruptcy under Chapter 11 federal bankruptcy protection. Subsequently, on September 14, 2009, Lone Star filed for bankruptcy protection.

On October 23, 2009, an auction for Lone Star was conducted with Global Gaming LSP, LLC (a wholly owned subsidiary of the Chickasaw Nation) winning the auction for \$47 million.

On May 13, 2011, Global Gaming obtained their license with the Texas Racing Commission. The sale was completed on May 16, 2011. Under the terms of the purchase agreement, Global Gaming has agreed to assume the lease agreement between Lone Star and the Sports Corporation.

The agreement states that upon completion of the project, Global Gaming will lease the facility for a period of thirty years. The lease became effective April 1997 and meets the requirements for accounting as a direct financing lease.

The future base rent payments under the lease are as follows:

Year	Amount
2019	\$ 1,756,920
2020	1,756,920
2021	1,756,920
2022	1,888,689
2023	1,932,612
Thereafter	6,989,613
	16,081,674
Less interest	4,530,908
Net present value	11,550,766
Less current portion	876,012
Non-current portion	\$ 10,674,754

Additional contingent rentals are due monthly based upon 1% of gross revenues from the operation of the track for each month plus an amount equal to the cumulative net retainage from the live races and the simulcast races multiplied by the following percentage:

Cumulative Net Retainages	Percentage
\$0 to less than \$20 million	1%
\$20 million to less than \$40 million	3%
\$40 million to less than \$60 million	5%
\$60 million or more	7%

The lease has been accounted for as a capital lease. However, only the base rent payments are determinable and are included in the lease payments receivable at the net present value of future rent payments. The remaining portion of the Facility is recorded as estimated unguaranteed residual value of the lease. Its fair value is estimated to be approximately equal to the differences between the original cost plus capitalized improvements of the Facility, net of what accumulated depreciation would be, and the fixed lease payments receivable. Therefore, this amount is being amortized over the life of the lease (thirty years). Amortization for the year ended September 30, 2018 was \$3,894,155. Additional contingent rentals are recorded as revenue when received.

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The capital lease is being amortized using the interest method over the 30-year life of the lease. The Corporation has recorded lease rental and interest for the year ended September 30, 2018 as follows:

Nominal interest on the lease	\$ 1,759,320
Amortization of the lease	<u>(876,012)</u>
Net interest	883,308
Contingent rentals received (includes rent for simulcast facility prior to completion of project)	<u>203,859</u>
Total lease rental and interest	<u>\$ 1,087,167</u>

Closure and Post Closure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City follows the provisions of GASB Statement No. 18 Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs. Accordingly, the City has recorded a closure and post closure care liability of \$7,939,257 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 46.58% of the estimated capacity of the landfill.

The City will recognize the remaining estimated cost of closure and post closure care of \$9,137,961 as the remaining estimated capacity is filled. The City expects to close the landfill in year 2037. Actual cost may be higher or lower due to inflation, changes in technology or changes in regulations.

Environmental Remediation Obligations

The City has recorded a liability and an asset related to environmental remediation in the amount of \$58,375, in the Statement of Net Position and Statement of Activities. The estimates of the liabilities are prepared by the Environmental Professional Group and by the City's Environmental Quality Manager and based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected.

- Transportation Center at 1821 W. Freeway for a release determination report and soil disposal.
- The City owns the building and is responsible for the asbestos abatement of the Copeland home located at 125 SW Dallas Street.
- The City owns the Historic Museum located at 1516 W Main Street and is responsible for the asbestos abatement.
- The City owns the Parks Field Office located at 1410 Skyline and is responsible for the asbestos abatement.
- The City owns the Service Center and is responsible for a leaking petroleum storage tank and groundwater monitoring.
- The City owns the Charley Taylor Recreation Center located at 601 E. Grand Prairie and is responsible for the asbestos abatement.

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Environmental remediation liability activity in fiscal year 2018 was as follows:

Property Description	Beginning			Ending	Current
	Balance	Additions	Reductions	Balance	
	9/30/2017			9/30/2018	
Transportation Center - 1821 W Freeway	\$ 7,398	\$ -	\$ 7,398	\$ -	\$ -
Copeland Home Asbestos Abatement	81,270	-	57,020	24,250	24,250
Historic Museum- 1516 W Main Street	18,786	-	15,380	3,406	3,406
Parks Field Office	12,415	-	12,415	-	-
Service Center	-	49,040	18,321	30,719	30,719
Charley Taylor Recreation Center	62,840	-	62,840	-	-
Total	\$ 182,709	\$ 49,040	\$ 173,374	\$ 58,375	\$ 58,375

Other Liabilities

Sales Tax Payback

During fiscal year 2008, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$2,386,466. In 2012, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of thirteen years. As of September 30, 2018, the liability equaled \$1,300,143.

I. Risk Management

The City currently administers a deductible program for Workers Compensation, all Liability, Property, Airport, and Crime claims through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), a public entity risk pool. The TMLIRP sustains itself through member premiums and stop loss coverage for excess claims through commercial insurers.

The City's current per occurrence and aggregate limits through the TMLIRP are as follows:

Coverage	Per Occurrence	Aggregate
General Liability	\$ 1,000,000	\$ 2,000,000
Law Enforcement Liability	3,000,000	6,000,000
Errors and Omissions	3,000,000	6,000,000
Automobile Liability	3,000,000	N/A
Airport Liability	10,000,000	10,000,000

Current deductibles with TMLIRP are \$350,000 for Workers Compensation with no aggregate retention; \$300,000 for all liability lines (General, Law Enforcement, Public Officials, and Auto Liability); \$1,000 for Automobiles; and \$10,000 for Mobile Equipment.

The City's operating funds are charged premiums for coverage provided by the Risk Management Fund based on approved annual budgets with adjustments based on estimates of the amounts needed to pay prior and current-year claims. These inter-fund premiums are used to reduce the amount of actual expenditures.

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Liabilities of the Risk Management Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, timing of filed claims, adjudication of claim benefits, changes in legal doctrines, and damage awards.

Accordingly, claims are reevaluated annually to consider the effects of inflation, plan benefit designs, recent claim settlement trends, claim expense, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The total accrued liabilities for the Risk Management Fund based on the recent September 30, 2018 actuarial report, as of September 30, 2018, was \$1,830,716.

The City offers group health coverage to its employees and retirees in plans administered by United Health Care using an escrow account funded by the City with both employee and City contributions. The City allows retired employees under age 65 to continue participating in its group health insurance program after retirement with a portion of premiums paid by the City. The amount of premiums paid by retirees is based on the retirement date, length of service with the City, plan selected and dependents covered at the time of retirement. The City retains risk for up to \$400,000 per member per year, and transfers risk in excess of this amount to a reinsurer. Reported claims are charged to expense in the period the loss is incurred. The total accrued liabilities for health insurance as of September 30, 2018 were \$2,140,611.

At September 30, 2018, the change in estimates of accrual liabilities for health coverage for the risk management fund:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2018	\$ 3,861,819	\$ 16,301,886	\$ 16,192,378	\$ 3,971,327
2017	3,628,897	19,578,864	19,345,942	3,861,819
2016	5,005,726	16,770,731	18,147,560	3,628,897

J. Defined Benefit Pension Plan

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

City Of Grand Prairie, Texas
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Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	25 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating transfers
Annuity increase to retirees	70% of CPI Repeating

Additional information related to the TMRS Plan is located in the TMRS CAFR.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	735
Inactive employees entitled to but not yet receiving benefits	515
Active employees	<u>1,313</u>
Total	<u><u>2,563</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Grand Prairie were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Grand Prairie were 15.84% and 16.33% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2018, were \$14,427,366, and were equal to the required contributions.

Net Pension Liability

The city’s Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Actuarial Assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.5% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a three-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

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Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Balance at December 31, 2016	\$ 525,359,395	\$ 444,611,662	\$ 80,747,733
Changes for the year:			
Service cost	15,171,279	-	15,171,279
Interest	35,239,052	-	35,239,052
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,775,160	-	1,775,160
Changes in assumptions	-	-	-
Contributions - employer	-	14,427,366	(14,427,366)
Contributions - employee	-	6,292,394	(6,292,394)
Net investment income	-	61,623,079	(61,623,079)
Benefit payments*	(21,770,002)	(21,770,002)	-
Administrative expense	-	(319,350)	319,350
Other changes	-	(16,184)	16,184
Net changes	30,415,489	60,237,303	(29,821,814)
Balance at December 31, 2017	\$ 555,774,884	\$ 504,848,965	\$ 50,925,919

* Includes refunds of employee contributions

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease	Current Single Rate	1% Increase
\$ 130,748,672	\$ 50,925,919	\$ (14,498,614)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

City Of Grand Prairie, Texas
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the city recognized pension expense of \$15,203,604.

At September 30, 2018, the City reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience [actuarial (gains) or losses]	\$ 1,727,954	\$ -
Difference in assumptions	244,304	
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]		12,793,800
Employer's contributions to the pension plan subsequent to the measurement date	11,036,252	-
	<u>\$ 13,008,510</u>	<u>\$ 12,793,800</u>

The \$11,036,252 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31	Net deferred outflows (inflows) of resources
2018	\$ 761,420
2019	104,831
2020	(5,867,462)
2021	(5,945,714)
2022	125,383
Total	<u>\$ (10,821,542)</u>

K. Other Postemployment Benefits (OPEB)

Plan Description

Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

City Of Grand Prairie, Texas

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Retiree Health Benefits

Current employees who retire from the City of Grand Prairie under a TMRS Retirement / Plan option may elect to remain on the City's medical, dental, and vision insurance plans as long as they meet the following criteria:

- Under age of 65
- Currently working for the City immediately prior to retirement, and
- Payment of required monthly premiums by due date, or within grace period

TMRS Retirement / Plan option may include:

- Service retirement, 25 years of TMRS creditable service at any age, or
- Age 60 and 5 years of TMRS creditable service
- Disability/medical retirement at any age, if approved by TMRS

Eligibility requirements do not vary by type of retirement. The retiree health care plan is a single-employer defined benefit plan. No trust is setup for the plan; therefore, there is no separate audit report available.

Retirees pay a portion of their retiree health care premium based on their years of service with the City of Grand Prairie, the plan selected, and dependent coverage when they retire. The base retiree health care premium is based on the accrual rate, claims costs, and budget for the prior fiscal year.

Medical coverage for retiree benefits extends only to age 65. Once a retiree reaches age 65, they will be dropped from medical coverage at the beginning of the month in which they turn 65. If a retiree cancels any or all insurance at any time during retirement, they forfeit all rights to coverage through the City for that benefit. If they cancel medical coverage all together, they may not elect medical again in the future for any reason.

A spouse who is on the employee's plan at the time of retirement may continue on the plan until the spouse reaches age 65. Spouse coverage continues after the employee reaches the age 65 and after the death of the employee until the spouse reaches the age of 65, as well. Spouse coverage continues even though the employee becomes Medicare eligible.

Rates for spouse coverage are dependent upon the employee's years of service with the City of Grand Prairie. Spouses receive the same benefits as the employee. Surviving spouses of deceased active members are not eligible for retiree health care benefits, unless they become eligible under TMRS and elect retirement immediately following the month of death. They become "retiree" in that case.

For all retirements after 1/1/08, dependents must have been covered for the 2 years immediately preceding the effective date of retirement to be eligible to continue coverage under retiree into retirement.

New dependents gained during retirement (due to marriage or birth) may not be added to the City's plan since they were not eligible at the time of retirement.

Retirees that do not continue coverage through our retiree health care plans do not receive payment in lieu of retiree health care.

The City offers medical, dental, and vision coverage to eligible retirees.

City Of Grand Prairie, Texas
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Employees Covered by Benefit Terms

For retiree health insurance at the September 30, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	169
Active employees	1,323
Total	1,492

For TMRS supplemental death at the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	555
Inactive employees entitled to but not yet receiving benefits	114
Active employees	1,313
Total	1,982

Contributions

For retiree health insurance, retirees and their spouses currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Monthly retiree contribution rates are as follows:

Retiree 2018 Monthly Health Care Premiums (Employee Pays Portion)

	<u>Monthly Health Care Premium</u>
Over 65 Retiree (Grandfathered by age)	
Employee only	\$ 125
Employee plus spouse	138

Total OPEB Liability

The City of Grand Prairie retiree health insurance total OPEB liability of \$55,800,537 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

The City of Grand Prairie TMRS supplemental death total OPEB liability of \$3,643,104 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	3.83%
Mortality rates - retirees	RP-2014 Combined Table projected using MP-2018

The discount rate was selected by City of Grand Prairie based on the Bond Buyer 20-Bond General Obligation Index to reflect yields on long-term municipal bonds as of the measurement date.

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2018

The TMRS supplemental death total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate	3.31%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	PR2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

<u>Change in OPEB Liability Retiree Health Insurance</u>	<u>Total OPEB Liability</u>
Balance at September 30, 2017	\$ 59,159,975
Changes for the year:	
Service cost	2,173,026
Interest	2,210,196
Difference between expected and actual experience	(3,213,084)
Changes in assumptions	(1,962,733)
Benefit payments*	<u>(2,566,843)</u>
Net changes	<u>(3,359,438)</u>
Balance at September 30, 2018	<u>\$ 55,800,537</u>
<u>Change in OPEB Liability TMRS Supplemental Death</u>	<u>Total OPEB Liability</u>
Balance at December 31, 2016	\$ 3,149,282
Changes for the year:	
Service cost	124,209
Interest	120,720
Changes in assumptions	284,381
Benefit payments*	<u>(35,488)</u>
Net changes	<u>493,822</u>
Balance at December 31, 2017	<u>\$ 3,643,104</u>

*Due to the Plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City's retiree health insurance calculated using the discount rate of 3.8%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.8%) or 1 percentage point higher (4.8%) than the current discount rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate		
<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 60,802,744	\$ 55,800,537	\$ 49,476,793

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

The following presents the total OPEB liability of the City's TMRS supplemental plan calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current discount rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate		
Current		
1% Decrease	Discount Rate	1% Increase
\$ 4,371,513	\$ 3,643,104	\$ 3,075,239

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City's retiree health insurance, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Rate		
Current		
1% Decrease	Discount Rate	1% Increase
\$ 49,080,399	\$ 55,800,537	\$ 61,323,519

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,073,086. At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health Insurance

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience [actuarial (gains) or losses]	\$ -	\$ 2,677,572
Difference in assumptions	-	1,635,610
Difference in projected and actual earnings on OPEB plan investments [actuarial (gains) or losses]	-	-
Employer's contributions to the OPEB plan subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ 4,313,182</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

TMRS Supplemental Death

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience [actuarial (gains) or losses]	\$ -	\$ -
Difference in assumptions	242,744	
Difference in projected and actual earnings on OPEB plan investments [actuarial (gains) or losses]	-	-
Employer's contributions to the OPEB plan subsequent to the measurement date	<u>27,083</u>	
	<u>\$ 269,827</u>	<u>\$ -</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$27,083 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Retiree Health Insurance

<u>Measurement Period Ended September 31,</u>	<u>Net deferred outflows (inflows) of resources</u>
2019	\$ (862,637)
2020	(862,637)
2021	(862,636)
2022	(862,636)
2023	<u>(862,636)</u>
Total	<u>\$ (4,313,182)</u>

TMRS Supplemental Death

<u>Measurement Year Ended December 31,</u>	<u>Net deferred outflows (inflows) of resources</u>
2018	\$ 41,637
2019	41,637
2020	41,637
2021	41,637
2022	41,637
Thereafter	<u>34,559</u>
Total	<u>\$ 242,744</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

L. Fund Balance

At September 30, 2018, fund balances were classified as follows:

	General	Section 8	Streets CIP	Grants	Debt Service	Epic CIP	Nonmajor Governmental Funds	Total
Fund balances								
Nonspendable:								
Inventory and prepaids	\$ 2,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,272	\$ 79,015
Spendable:								
Restricted for:								
Employee Welfare	84,690	-	-	-	-	-	-	84,690
Library Memorials	45,391	-	-	-	-	-	-	45,391
At Risk Youths	36,657	-	-	-	-	-	-	36,657
Greg Hunter Scholarships	63,768	-	-	-	-	-	-	63,768
Prairie Paws Adoptions	213,926	-	-	-	-	-	-	213,926
Other	994	-	-	-	-	-	-	994
Section 8	-	823,893	-	-	-	-	-	823,893
Street Improvements	-	-	8,511,522	-	-	-	-	8,511,522
Debt Service	-	-	-	-	5,535,816	-	-	5,535,816
Epic	-	-	-	-	-	2,001,084	3,534,554	5,535,638
Park Venue	-	-	-	-	-	-	4,114,208	4,114,208
Streets	20,873	-	-	-	-	-	2,001,046	2,021,919
Crime	-	-	-	-	-	-	16,185,875	16,185,875
Hotel Motel	-	-	-	-	-	-	564,741	564,741
Police seizure	-	-	-	-	-	-	441,622	441,622
Municipal Court	-	-	-	-	-	-	463,153	463,153
Red Light Safety	-	-	-	-	-	-	2,310,388	2,310,388
Lake Parks	-	-	-	-	-	-	2,312,949	2,312,949
Public Improvement Districts	-	-	-	-	-	-	2,930,616	2,930,616
Tax Increment Financing	-	-	-	-	-	-	5,030,245	5,030,245
Other special revenue	-	-	-	-	-	-	311,112	311,112
Park Venue Capital Projects	-	-	-	-	-	-	9,831,688	9,831,688
Fire Capital Projects	-	-	-	-	-	-	4,369,258	4,369,258
Municipal Facilities Capital Projects	-	-	-	-	-	-	11,249,799	11,249,799
Other Capital Projects	-	-	-	-	-	-	1,935,404	1,935,404
Total restricted	466,299	823,893	8,511,522	-	5,535,816	2,001,084	67,586,658	84,925,272
Committed to:								
Street Improvements	-	-	16,785,545	-	-	-	-	16,785,545
Park Venue	-	-	-	-	-	-	2,034,476	2,034,476
Cable Operations	-	-	-	-	-	-	655,081	655,081
Cemetery Operations	-	-	-	-	-	-	2,385,569	2,385,569
Verizon Theatre	-	-	-	-	-	-	2,751,372	2,751,372
Drainage Capital Projects	-	-	-	-	-	-	12,328,198	12,328,198
Police Capital Projects	-	-	-	-	-	-	819,678	819,678
Other Capital Projects	-	-	-	-	-	-	2,782,387	2,782,387
Capital Lending/Reserve	-	-	-	-	-	-	12,298,922	12,298,922
Total committed	-	-	16,785,545	-	-	-	36,055,683	52,841,228
Assigned to:								
Home Match Cash	385,371	-	-	-	-	-	-	385,371
KGPB Commissions	4,374	-	-	-	-	-	-	4,374
Section 8 Relief	79,730	-	-	-	-	-	-	79,730
Police Memorials	6,984	-	-	-	-	-	-	6,984
Fire- State Supplemental Funds	2,209,831	-	-	-	-	-	-	2,209,831
Parks Education Foundation	10,078	-	-	-	-	-	-	10,078
Uptown Trust	8,098	-	-	-	-	-	-	8,098
First Offender Program	26,669	-	-	-	-	-	-	26,669
Kirby Creek Accessibility Garden	25,908	-	-	-	-	-	-	25,908
US Marshals Service Agreement	141,631	-	-	-	-	-	-	141,631
GPPD Boxing Program	18,292	-	-	-	-	-	-	18,292
GPPD Explorer Program	14,325	-	-	-	-	-	-	14,325
GPPD Mounted Patrol	558	-	-	-	-	-	-	558
Total assigned	2,931,849	-	-	-	-	-	-	2,931,849
Unassigned	30,344,160	-	-	(629,198)	-	-	-	29,714,962
Total fund balances	\$ 33,745,051	\$ 823,893	\$ 25,297,067	\$ (629,198)	\$ 5,535,816	\$ 2,001,084	\$ 103,718,613	\$ 170,492,326

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

M. Contracts, Commitments, and Contingent Liabilities

Federal and State Grants

The City participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City and Sports Corporation are contingently liable in respect of lawsuits and claims in the ordinary course of operations which, in the opinion of management, will not have material adverse effect on the combined financial statements.

Water Intake Facility Contract

The City entered into a contract with the Trinity River Authority (TRA) whereby TRA agreed to sell revenue bonds, and, to construct and operate water treatment, transmission and storage facilities necessary to supply treated water to several area cities. The City has also agreed contractually to pay TRA annually an amount sufficient to pay its pro rata share of the operation and maintenance expenses of the facilities and related debt service of its bonds. The project is not treated as a joint venture by the City since the project is managed and unilaterally controlled by TRA, the City has no equity interest in the project, and the City is not obligated for the repayment of TRA bonds.

Water Purchase Contracts

The City has a 30-year contract with the City of Dallas, which expires in 2042, for the purchase of water. Grand Prairie currently takes up to 33.8 million gallons a day (MGD), and pays a fixed demand charge plus a volume charge. The demand charge is based on current maximum demand or the highest demand established during the five preceding years, whichever is greater. Thus, even if the City were to stop purchasing water from Dallas, its obligation to pay the demand charge (\$262,058) would extend for five years. The maximum may be increased in future years as needed. Grand Prairie has two intake points for City of Dallas water with a contractual right obligating the City of Dallas to meet Grand Prairie's needs. Existing pipelines will provide up to 55 MGD.

A contract with the City of Fort Worth, effective until the year 2031, permits the City to purchase up to 2.5 MGD.

A contract with the City of Midlothian, executed in 2014 for a 30-year term, permits the City to purchase up to an average of 4.5 MGD during the term of the contract. Beginning in January 2016, the City began purchasing water from the City of Midlothian at an average rate of 0.478 MGD.

A contract with the City of Arlington, executed in 2011 for a 20-year term, allows the City to purchase up to 2.5 MGD maximum flow unless otherwise agreed to in writing. As of September 30, 2018, no water has been purchased through this contract.

Wastewater Treatment Contracts

The City has a 50 year contract with TRA, which will expire in 2023, for wastewater treatment. The City is billed for its prorated share of total wastewater costs, which was 12.03% during fiscal year 2018. The City must pay its prorated share of the debt service related to wastewater treatment facilities until the debt matures whether it contributes to flow or not.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Mountain Creek Regional Wastewater System Contract (System)

The City entered into a contract in 2002 which is in effect for the entire useful life of the System. Although the City does not yet deliver flows to this System, the City is obligated to pay annual minimum fees equivalent to 21.9 million gallons of flow. For the fiscal year ended September 30, 2018, the City paid \$82,786 to the System.

Master and Other Agreements

The City and Texas NextStage, LP (NextStage) entered into agreements (development agreements, lease agreements and other ancillary agreements) on January 10, 2001, to design, develop and construct a performance hall (Performance Hall). Construction of the Performance Hall began in July 2000 and was completed in February 2001. Under the agreements, the City purchased the Performance Hall from NextStage for \$15 million with the proceeds from the \$17.9 million TIF tax and tax increment certificate of obligation bond issue in fiscal year 2001. NextStage initially leased the Performance Hall from the City under a twenty one-year lease. Effective September 18, 2002, Anschutz Texas, L. P. assumed the lease obligations of NextStage and became lessee and operator of the Performance Hall. The lease between the City and Anschutz Texas, L. P. expires January 23, 2023. Monthly lease payments from the lessee of the Performance Hall are used to pay debt service on bonds issued by the City for the purchase of the Performance Hall.

The City and the Texas Airhogs Baseball Club entered into agreements (development, lease, and other ancillary agreements) on June 26, 2007 to develop, construct and operate a minor league professional baseball stadium. The funding for the stadium was accomplished through a one-eighth cent sales tax approved by the citizens of Grand Prairie. Construction began in July 2007 and was completed in May 2008.

Ground Lease - The City entered into a lease agreement with the Sports Corporation for the land on which the stadium was built. The lease runs through June 25, 2036 with an annual base rent of \$50,000.

Stadium Lease - On October 19, 2016, the City entered into a four-year lease agreement with Nextel Promotional, LLC. In addition to Airhogs home baseball games, Nextel has unlimited use of the Stadium to hold other sporting and entertainment events. Nextel pays the City, in advance, a monthly lease payment of \$7,137 and ten percent of the total net profit generated by Nextel at, in, or through the stadium. Nextel is responsible for all utility services and the City is responsible for the maintenance of the building, landscaping, irrigation, art, and playgrounds.

Construction Commitments

The City has several approved outstanding major capital projects as of September 30, 2018. The City's total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$50,900,085. Funding for these contracts will be received through various capital projects funds and enterprise funds.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

N. Segment Information for Enterprise Funds

The City maintains five enterprise funds – water and wastewater, solid waste, golf, airport, and storm water utility activities. At September 30, 2018, the Municipal Airport Fund had outstanding revenue-backed certificates of obligations. Segment information for this Fund is as follows:

	Municipal Airport
	<u> </u>
Condensed statement of net position:	
Current assets	\$ 1,624,048
Capital assets	15,595,101
Deferred outflows of resources	<u>43,526</u>
Total assets and deferred outflows of resources	17,262,675
Current liabilities	432,972
Long-term liabilities	1,251,986
Deferred inflows of resources	<u>56,075</u>
Total liabilities and deferred inflows of resources	1,741,033
Net position: Net investment in capital assets	14,560,101
Net position: Unrestricted	<u>961,541</u>
Total net position	<u>\$ 15,521,642</u>
Condensed statement of revenues, expenses and changes in net position:	
Sales to customers	\$ 1,308,219
Intergovernmental revenue	67,537
Miscellaneous	<u>930,289</u>
Total operating revenues	2,306,045
Depreciation	869,597
Other operating expenses	<u>1,852,656</u>
Total operating expenses	2,722,253
Gain on property disposition	8,487
Interest expense	<u>(53,030)</u>
Total nonoperating revenues (expenses)	<u>(44,543)</u>
Loss before transfers	(460,751)
Transfers in	224,116
Transfers out	<u>(48,000)</u>
Change in net position	(284,635)
Net position at the beginning of the year	<u>15,806,277</u>
Restated Net position-beginning of year	<u>15,806,277</u>
Net position at the end of the year	<u>\$ 15,521,642</u>
Condensed statement of cash flows:	
Net cash provided (used) by:	
Operating activities	339,739
Noncapital financing activities	176,116
Capital and related financing activities	(747,314)
Investing activities	-
Beginning cash and cash equivalent balances	<u>300,683</u>
Ending cash and cash equivalent balances	<u>\$ 69,224</u>

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

O. Tax Abatements and Economic Incentive Agreements

The City has incentive agreements with companies which may refund or rebate certain amounts of taxes based on performance indicators. These agreements are governed by Chapter 312 of the Texas Local Government Code. Recipients may be eligible based on their impact to the City's economy, as usually measured by job creation. Agreements may also contain recapture or 'clawback' provisions in the event of non-performance of the agreement standards. The City's Management Services division reviews the performance of the companies under these agreements for their compliance with stated standards. As of the 2017 certified roll (used for 2018 fiscal year) the City's abatement agreements with seven companies resulted in \$54,157,220 in appraised values, totaling \$232,425 in taxes abated on the 2017 certified tax roll (used for the 2018 fiscal year).

P. Subsequent Events

On November 1, 2018, the City Council issued \$40,605,000 in Combination Tax and Revenue Certificates, Series 2018. The proceeds will be used to fund City capital improvements.

The City has evaluated all other events or transactions that occurred after September 30, 2018 up through March 14, 2019, the date the financial statements were available to be issued.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

(The Bonds, followed by the Certificates)

[Closing Date]

Norton Rose Fulbright US LLP
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United States

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IN REGARD to the authorization and issuance of the “City of Grand Prairie, Texas, General Obligation Refunding Bonds, Series 2019,” dated August 15, 2019, in the principal amount of \$_____ (the “Bonds”), we have examined into their issuance by the City of Grand Prairie, Texas (the “City”), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the City’s outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on February 15 in each of the years specified in an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance, an Escrow Agreement (the “Escrow Agreement”) between the City and The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”) , a special report (the “Verification Report”) of Public Finance Partners LLC (the “Accountants”) and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations

Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "City of Grand Prairie, Texas, General Obligation Refunding Bonds, Series 2019"

refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report of the Accountants as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[Closing Date]

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IN REGARD to the authorization and issuance of the “City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A,” dated August 15, 2019, in the principal amount of \$_____ (the “Certificates”), we have examined into their issuance by the City of Grand Prairie, Texas (the “City”), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City’s combined water and wastewater system in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

FORWARD DELIVERY CONTRACT

Forward Delivery Contract

Re: City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019 (the “Bonds”)

Ladies and Gentlemen:

The Purchaser designated below and executing this instrument (the “Purchaser”) hereby agrees to purchase when, as, and if issued and delivered by the City of Grand Prairie, Texas (“City”) to Stifel, Nicolaus & Company, Incorporated, as representative of itself and BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (the “Representative”) and the Representative agrees to sell to the undersigned,

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield	Price
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of the above-referenced Bonds (the “Purchased Bonds”) offered by the City’s Preliminary Official Statement dated _____, 2019 (including any amendments or supplements, the “Preliminary Official Statement”), receipt of a copy of which is hereby acknowledged, the Official Statement to be dated the date of the Bond Purchase Agreement (as defined below) (including any amendments or supplements, the “Official Statement”), and the Updated Official Statement (and any amendments or supplements thereto) to be dated a date not more than 25 nor less than ten days prior to the Settlement Date (defined below), at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Bonds), at the interest rates, in the principal amounts and with maturity dates shown above, and on the further terms and conditions set forth in this Forward Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the information under the heading “DELAYED DELIVERY – Certain Considerations Regarding the Forward Delivery of the Bonds” therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a “forward” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Representative on or about November 19, 2019 (the “Settlement Date”) as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement between the City and the Representative (the “Bond Purchase Agreement”). Under the Bond Purchase Agreement, the City must deliver copies of the Official Statement within seven business days of the date of the Bond Purchase Agreement. A copy of the Bond Purchase Agreement is available from the Representative upon request.

Payment for the Purchased Bonds that the Purchaser has agreed to purchase on the Settlement Date shall be made to the Representative by wire transfer to a bank account specified by the Representative, on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the City of the Bonds and purchase thereof by the Representative, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder *shall be unconditional* unless:

- The City fails to deliver the Bonds as set forth in the Bond Purchase Agreement or fails or is unable to comply with all of the conditions to settlement set forth in the Bond Purchase Agreement by 10:00 a.m. Central Time on the Settlement Date, or
- the Representative terminates its agreement to purchase the Bonds on the Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Preliminary Official Statement under “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds.”

The Purchaser acknowledges that the market value of the Bonds as of the Settlement Date may be affected by a variety of factors between the date of this Forward Delivery Contract and the Settlement Date, including, without limitation, changes in general market conditions or the financial condition of the City or modifications to laws that may diminish the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on “state or local bonds,” that will not prevent the City from satisfying all material conditions precedent for the delivery of the Purchased Bonds. The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described and, except as described in the fourth paragraph of this Forward Delivery Contract, will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Forward Delivery Contract to the Representative before Settlement (i.e., delivery of the Bonds to, and payment for the Bonds by, the Representative) on the Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after

Settlement. The Purchaser also acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Representative of any Forward Delivery Contract (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Representative, it is requested that the Representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Representative and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

[NAME OF PURCHASER]

By: _____

Name: _____

Title: _____

Accepted: _____, 20__

Address: _____

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____

Name: _____

Title: _____



OFFICIAL STATEMENT

Dated August 6, 2019

Ratings:

**S&P: “AAA” (stable outlook)
Fitch: “AA+” (positive outlook)
(see “OTHER INFORMATION
- Ratings” herein)**

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.

**THE BONDS HAVE NOT BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR
FINANCIAL INSTITUTIONS**

\$19,475,000

**CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)**

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019

Dated Date: August 15, 2019

Due: February 15, as shown on page 2 hereof

Interest to accrue from Delivery Date

PAYMENT TERMS. . . Interest on the \$19,475,000 City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019 (the “Bonds”, and together with the City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A [the “Certificates”] being offered herein, collectively, the “Obligations”) will accrue from the “Delivery Date”, estimated to be November 19, 2019, will be payable February 15 and August 15 of each year commencing February 15, 2020 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE OBLIGATIONS - Book-Entry-Only System” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE OBLIGATIONS - Paying Agent/Registrar”).

AUTHORITY FOR ISSUANCE. . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Texas Government Code, Chapter 1207, as amended, and are direct obligations of the City of Grand Prairie, Texas (the “City”), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the “Bond Ordinance”) (see “THE OBLIGATIONS - Authority for Issuance of the Bonds”).

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City’s outstanding debt described in Schedule I (the “Refunded Obligations”) for debt service savings and (ii) pay the costs of issuance associated with the sale of the Bonds.

CUSIP PREFIX: 386138

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 2

SEPARATE ISSUES. . . The Bonds are being offered by the City concurrently with the Certificates under a common Official Statement. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY . . . The Bonds are offered when, as and if issued and accepted by the Representative (the “Representative”), on behalf of the Underwriters (the “Underwriters”) of the Bonds, subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas (see Appendix C, “Forms of Bond Counsel’s Opinions”), and certain other conditions. West & Associates L.L.P. will act as Disclosure Counsel for the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, Dallas, Texas.

DELIVERY. . . . It is expected that the Bonds in definitive form will be available for delivery to the Representative, on behalf of the Underwriters, on or about November 19, 2019, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds.” The Representative reserves the right to obligate investors purchasing the Bonds to execute and deliver to the Representative a Forward Delivery Contract, the form of which is attached hereto as Appendix D.

STIFEL

BOK Financial Securities, Inc.

Raymond James

MATURITY SCHEDULE**CUSIP Prefix: 386138** ⁽¹⁾

Principal Amount	Maturity Date	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 3,790,000	2/15/2021	5.000%	1.140%	YB1
4,005,000	2/15/2022	5.000%	1.170%	YC9
2,855,000	2/15/2023	5.000%	1.190%	YD7
2,365,000	2/15/2024	5.000%	1.230%	YE5
1,250,000	2/15/2025	5.000%	1.300%	YF2
855,000	2/15/2026	5.000%	1.400%	YG0
890,000	2/15/2027	5.000%	1.480%	YH8
940,000	2/15/2028	5.000%	1.580%	YJ4
800,000	2/15/2029	5.000%	1.670% ⁽²⁾	YK1
840,000	2/15/2030	5.000%	1.750% ⁽²⁾	YL9
885,000	2/15/2031	5.000%	1.820% ⁽²⁾	YM7

(Interest to accrue from delivery date.)

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Financial Advisor or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Bonds. None of the City, the Financial Advisor or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.
- (2) Yield calculated to February 15, 2028, first optional call date at par.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption of the Obligations”).

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OFFICIAL STATEMENT

Dated August 6, 2019

Ratings:
S&P: “AAA” (stable outlook)
Fitch: “AA+” (positive outlook)
(see “OTHER INFORMATION - Ratings” herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.

THE CERTIFICATES HAVE NOT BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

\$34,910,000

**CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)**

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A

Dated Date: August 15, 2019

Due: February 15, as shown on page 4 hereof

Interest to accrue from Delivery Date

PAYMENT TERMS. . . Interest on the \$34,910,000 City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A (the “Certificates”, and together with the City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019 [the “Bonds”] being offered herein, collectively the “Obligations”) will accrue from the “Delivery Date”, estimated to be August 29, 2019, will be payable February 15 and August 15 of each year commencing February 15, 2020 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “THE OBLIGATIONS - Book-Entry-Only System” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE OBLIGATIONS - Paying Agent/Registrar”).

AUTHORITY FOR ISSUANCE. . . The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City of Grand Prairie, Texas (the “City”), and (ii) a limited pledge of \$2,500 of the net revenues of the City’s water and wastewater system, as provided in the ordinance authorizing the Certificates (the “Certificate Ordinance”) (see “THE OBLIGATIONS - Authority for Issuance of the Certificates”).

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

CUSIP PREFIX: 386138

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page 4

SEPARATE ISSUES. . . The Certificates are being offered by the City concurrently with the Bonds under a common Official Statement. The Certificates and the Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, the federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations and other features.

LEGALITY. . . The Certificates are offered for delivery when, as and if issued and received by the Underwriters (the “Underwriters”) of the Certificates and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix C, “Forms of Bond Counsel’s Opinions”). West & Associates L.L.P. will act as Disclosure Counsel for the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, Dallas, Texas.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on August 29, 2019.

STIFEL

BOK Financial Securities, Inc.

Raymond James

MATURITY SCHEDULE

CUSIP Prefix: 386138⁽¹⁾

Principal Amount	Maturity Date	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 1,800,000	2/15/2020	4.000%	1.040%	YN5
1,815,000	2/15/2021	4.000%	1.040%	YP0
1,880,000	2/15/2022	4.000%	1.060%	YQ8
675,000	2/15/2023	2.000%	1.080%	ZJ3
1,275,000	2/15/2023	4.000%	1.080%	YR6
300,000	2/15/2024	2.000%	1.090%	ZK0
1,735,000	2/15/2024	5.000%	1.090%	YS4
1,285,000	2/15/2025	5.000%	1.160%	YT2
200,000	2/15/2026	2.000%	1.260%	ZL8
1,150,000	2/15/2026	5.000%	1.260%	YU9
1,315,000	2/15/2027	5.000%	1.330%	YV7
1,380,000	2/15/2028	5.000%	1.440%	YW5
1,455,000	2/15/2029	5.000%	1.540% ⁽²⁾	YX3
1,525,000	2/15/2030	5.000%	1.620% ⁽²⁾	YY1
1,605,000	2/15/2031	5.000%	1.690% ⁽²⁾	YZ8
1,680,000	2/15/2032	4.000%	1.910% ⁽²⁾	ZA2
1,745,000	2/15/2033	4.000%	2.030% ⁽²⁾	ZB0
1,820,000	2/15/2034	4.000%	2.120% ⁽²⁾	ZC8
1,895,000	2/15/2035	4.000%	2.190% ⁽²⁾	ZD6
1,970,000	2/15/2036	4.000%	2.240% ⁽²⁾	ZE4
2,050,000	2/15/2037	4.000%	2.280% ⁽²⁾	ZF1
2,135,000	2/15/2038	4.000%	2.320% ⁽²⁾	ZG9
2,220,000	2/15/2039	4.000%	2.360% ⁽²⁾	ZH7

(Interest to accrue from delivery date.)

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services (“CGS”), managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for services provided by CGS. CUSIP numbers have been assigned by an independent company not affiliated with the City, the Financial Advisor or the Underwriters and are included solely for the convenience of the registered and beneficial owners of the Certificates. None of the City, the Financial Advisor or the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Certificates or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.
- (2) Yield calculated to February 15, 2028, first optional call date.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2029 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption of the Obligations”).

(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY)

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The Obligations are exempt from registration with the United States Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Obligations in accordance with applicable securities law provisions of the jurisdiction in which the Obligations have been registered, qualified, or exempted should not be regarded as a recommendation thereof.

Neither the City, its Financial Advisor, nor the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its Book-Entry-Only System.

In connection with the offering of the Obligations, the Underwriters may over-allot or effect transactions which stabilize or maintain the market prices of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the City’s undertaking to provide certain information on a continuing basis.

The cover pages contain certain information for general reference only and are not intended as a summary of this offering. Investors should read the entire Official Statement, including the Schedule and all Appendices attached hereto, to obtain information essential to making an informed investment decision.

This Official Statement contains “Forward-Looking” Statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance, and achievements expressed or implied by such Forward-Looking Statements. Investors are cautioned that the actual results could differ materially from those set forth in the Forward-Looking Statements.

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The cover pages hereof, this page, the schedule and appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY..... The City of Grand Prairie, Texas (the “City”) is a political subdivision and home rule municipal corporation of the State of Texas, located in Dallas, Tarrant and Ellis Counties, Texas. The City covers approximately 80 square miles (see “INTRODUCTION - Description of the City”).

THE BONDS..... The Bonds are issued as \$19,475,000 General Obligation Refunding Bonds, Series 2019. The Bonds are issued as serial bonds maturing on February 15 in each of the years 2021 through 2031, unless redeemed in accordance with the provisions described herein (see “THE OBLIGATIONS – Description of the Obligations” and “THE OBLIGATIONS – Optional Redemption of the Obligations”).

THE CERTIFICATES..... The Certificates are issued as \$34,910,000 Combination Tax and Revenue Certificates of Obligation, Series 2019A. The Certificates are issued as serial certificates maturing on February 15 in each of the years 2020 through 2039, unless redeemed in accordance with the provisions described herein (see “THE OBLIGATIONS – Description of the Obligations” and “THE OBLIGATIONS – Optional Redemption of the Obligations”).

PAYMENT OF INTEREST ON THE BONDS Interest on the Bonds accrues from the Delivery Date, estimated to be November 19, 2019, and is payable February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS - Description of the Obligations” and “THE OBLIGATIONS - Optional Redemption of the Obligations”).

PAYMENT OF INTEREST ON THE CERTIFICATES..... Interest on the Certificates accrues from the Delivery Date, estimated to be August 29, 2019, and is payable February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS - Description of the Obligations” and “THE OBLIGATIONS - Optional Redemption of the Obligations”).

AUTHORITY FOR ISSUANCE OF THE BONDS..... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Texas Government Code, Chapter 1207, as amended, and the Bond Ordinance adopted by the City Council of the City (see “THE OBLIGATIONS - Authority for Issuance of the Bonds”).

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES..... The Certificates are authorized and issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Certificate Ordinance adopted by the City Council of the City (see “THE OBLIGATIONS – Authority for Issuance of the Certificates”).

SECURITY FOR THE BONDS The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, as provided in the Bond Ordinance (see “THE OBLIGATIONS - Security and Source of Payment for the Bonds”).

SECURITY FOR THE CERTIFICATES The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge of \$2,500 of the net revenues of the City’s water and wastewater system, as provided in the Certificate Ordinance (see “THE OBLIGATIONS – Security and Source of Payment for the Certificates”).

OPTIONAL REDEMPTION OF THE OBLIGATIONS The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS - Optional Redemption of the Obligations”).

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law on the respective dates of delivery of the Obligations, subject to the matters described under the caption “TAX MATTERS” herein.

USE OF PROCEEDS FOR THE BONDS Proceeds from the sale of the Bonds will be used to (i) refund a portion of the City’s outstanding debt described in Schedule I (the "Refunded Obligations") for debt service savings and (ii) pay the costs of issuance associated with the sale of the Bonds.

USE OF PROCEEDS FOR THE CERTIFICATES Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

RATINGS The Obligations have been rated “AAA” with a stable outlook by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) and “AA+” with a positive outlook by Fitch Ratings, Inc. (“Fitch”) (see “OTHER INFORMATION – Ratings”).

BOOK-ENTRY-ONLY SYSTEM The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof for each series and maturity. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “THE OBLIGATIONS - Book-Entry-Only System”).

PAYMENT RECORD The City has not defaulted on its general obligation bonds since 1939 when defaults were corrected without refunding and has never defaulted on its revenue bonds.

DELIVERY OF THE BONDS..... It is expected that the Bonds in definitive form will be available for delivery to the Representative, on behalf of the Underwriters, on or about November 19, 2019, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds.” The Representative reserves the right to obligate investors purchasing the Bonds to execute and deliver to the Representative a Forward Delivery Contract, the form of which is attached hereto as Appendix D.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2014	181,230	\$ 9,842,362,530 ⁽⁴⁾	\$ 54,309	\$ 148,553,000	1.51%	\$ 820
2015	181,230	10,558,457,782 ⁽⁵⁾	58,260	161,857,000	1.53%	893
2016	182,610	11,095,610,000 ⁽⁶⁾	60,761	175,810,000	1.58%	963
2017	184,620	12,317,890,808 ⁽⁷⁾	66,720	191,200,000	1.55%	1,036
2018	187,000	13,521,607,208 ⁽⁸⁾	72,308	211,985,000	1.57%	1,134
2019	194,000	14,755,015,593 ⁽⁹⁾	76,057	307,720,000 ⁽¹⁰⁾	2.09%	1,586

(1) Source: City Staff.

(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Projected excludes revenue supported general obligation debt. See "TABLE 9 - Computation of Self-Supporting Debt"

(4) Includes taxable incremental value of approximately \$487,063,500 that is not available for the City's general use.

(5) Includes taxable incremental value of approximately \$528,935,423 that is not available for the City's general use.

(6) Includes taxable incremental value of approximately \$147,301,648 that is not available for the City's general use.

(7) Includes taxable incremental value of approximately \$214,042,756 that is not available for the City's general use.

(8) Includes taxable incremental value of approximately \$281,406,819 that is not available for the City's general use.

(9) Includes taxable incremental value of approximately \$381,547,594 that is not available for the City's general use.

(10) Includes the Obligations, as well as the Taxable Series 2019B Certificates, and the Taxable Series 2019 Notes being offered concurrently under a separate Official Statement. Excludes the Refunded Obligations.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Beginning Balance	\$ 31,346,705	\$ 31,011,895	\$ 27,748,646	\$ 24,752,419 ⁽¹⁾	\$ 28,816,808
Total Revenue	134,912,713	126,720,322	122,517,676	114,115,413	106,220,153
Total Expenditures	123,411,609	116,161,238	108,081,822	103,001,474	98,120,819
Net Transfers	(10,106,151)	(11,110,985)	(11,794,063)	(8,674,408)	(13,413,933)
Sale of Capital Assets	1,003,393	886,711	621,458	556,696	613,163
Net Funds Available	2,398,346	334,810	3,263,249	2,996,227	(4,701,436)
Ending Balance	<u>\$ 33,745,051</u>	<u>\$ 31,346,705</u>	<u>\$ 31,011,895</u>	<u>\$ 27,748,646</u>	<u>\$ 24,115,372</u>

(1) Includes \$637,047 prior year adjustment.

For additional information regarding the City, please contact:

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Length of Service	Term Expires	Occupation
Ron Jensen Mayor	17 Years	May 2022	President and Owner, Control Products
Jorja Jackson Clemson Place 1 - District 1 Deputy Mayor Pro-Tem	6 Years	May 2020	President, Store Service Inc.
Jim Swafford Place 2 - District 2	21 Years	May 2022	Retired Bank President
Mike Del Bosque Place 3 - District 3	2 Years	May 2020	Founder/CEO, Intire Health
John Lopez Place 4 - District 4	< 1 Year	May 2022	Administrative Supervisor at the Federal Reserve Bank of Dallas
Cole Humphreys Place 5 - District 5	1 Year	May 2021	Owner, Austin Insurance
Jeff Wooldridge Place 6 - District 6	6 Years	May 2021	Self Employed
Jeff Copeland Place 7 - At Large	6 Years	May 2020	President, Federal Title, Inc.
Greg Giessner Place 8 - At Large Mayor Pro-Tem	10 Years	May 2021	Agent, Farmers Insurance

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service In Grand Prairie	Total Municipal Government Experience
Tom Hart	City Manager	19 Years	43 Years
Anna Doll	Deputy City Manager	35 Years	36 Years
Bill Crolley	Deputy City Manager	23 Years	30 Years
Steve Dye	Deputy City Manager	8 Years	33 Years
Megan Mahan	City Attorney	8 Years	10 Years
Cathy Dimaggio	City Secretary	18 Years	31 Years
Becky Brooks, CPA	Chief Financial Officer	1 Year	6 Years
Brady Olsen	Treasury and Debt Manager	< 1 Year	6 years
Kathleen Mercer	Budget Director	18 Years	20 Years
Gabe Johnson	Public Works Director	6 Years	10 Years
Cathy Patrick, CPA, CIA	Internal Auditor	20 Years	25 Years

CONSULTANTS AND ADVISORS

Auditors	Weaver, L.L.P. Dallas, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Disclosure Counsel	West & Associates LLP Dallas, Texas
Financial Advisor.....	Hilltop Securities Inc. Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

**\$19,475,000
CITY OF GRAND PRAIRIE, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**

AND

**\$34,910,000
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A**

INTRODUCTION

This Official Statement which includes the Appendices and Schedule hereto, provides certain information regarding the issuance of \$19,475,000 City of Grand Prairie, Texas, General Obligation Refunding Bonds, Series 2019 (the “Bonds”) and the \$34,910,000 City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective ordinances adopted on the date of sale of the Obligations which authorized the issuance of the respective Obligations, except as otherwise indicated herein (the ordinance authorizing the issuance of the Bonds (the “Bond Ordinance”) and the ordinance authorizing the issuance of the Certificates (the “Certificate Ordinance”) are sometimes herein referred to jointly as the “Ordinances”).

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City of Grand Prairie, Texas (the “City”) and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Hilltop Securities Inc. (“HilltopSecurities”), Dallas, Texas.

SEPARATE ISSUES. . . The Bonds and the Certificates are being offered concurrently by the City under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the “Obligations”. The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and home rule municipal corporation of the State of Texas (the “State”), duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Home Rule Charter in 1948. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members who are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, environmental health services, parks and recreation, public transportation, public facilities, planning and zoning, and general administrative services. The 1970 Census population for the City was 71,462 while the 2010 population was 175,396. The estimated population for 2019 is 194,000. The City covers approximately 80 square miles.

DELAYED DELIVERY

Certain Considerations Regarding Forward Delivery of the Bonds

FORWARD DELIVERY . . . The City anticipates that the Bonds will be issued and delivered by the City to Stifel, Nicolaus & Company, Incorporated, BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (collectively, the “Underwriters”) and purchased by the Underwriters (the “Settlement”) on or about November 19, 2019 (the “Settlement Date”). The following is a description of certain provisions of the Forward Delivery Bond Purchase Agreement, dated August 6, 2019 (the sale date of the Bonds), between the City and Stifel, Nicolaus & Company, Incorporated, as representative of the Underwriters (the “Representative”) with respect to the Bonds (the “Bond Purchase Agreement”). This description is not to be considered a full statement of the terms of the Bond Purchase Agreement and accordingly is qualified by reference thereto and is subject to the full text thereof.

Until such time as the Bonds are issued and delivered by the City and purchased by the Representative on the Settlement Date, certain information contained in this Official Statement may change in a material respect. The City agrees in the Bond Purchase Agreement to update the Official Statement, if necessary in the judgment of the Representative or the City, so that the Official

Statement as amended or supplemented does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Additionally, the City agrees in the Bond Purchase Agreement to prepare an Updated Official Statement, dated a date not more than twenty-five nor less than ten days prior to the Settlement Date, which, as of such date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. References under “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds” to the Official Statement as of a specific date shall mean (i) at any point in time during the period from the date of this Official Statement to but not including the date of delivery of the Updated Official Statement to the Representative, this Official Statement, and (ii) from and after the date of delivery of the Updated Official Statement, the Updated Official Statement, in each case as amended or supplemented.

CONDITIONS OF SETTLEMENT . . . The issuance and purchase of the Bonds on the Settlement Date are subject to the satisfaction of certain conditions set forth in the Bond Purchase Agreement, including, among other things, the delivery to the Representative of certain documents and legal opinions on and as of the Settlement Date and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Closing Date (as defined in the Bond Purchase Agreement), including the delivery to the Representative of: (i) the opinion of Bond Counsel, substantially in the form and to the effect set forth in APPENDIX C relating to the Bonds, (ii) the Updated Official Statement, and (iii) written evidence satisfactory to the Representative that, as of the Settlement Date, S&P and Fitch have rated the Bonds. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the City to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the Bonds will be issued unless all of the Bonds are issued and delivered on the Settlement Date.

TERMINATION OF BOND PURCHASE AGREEMENT . . . If the Issuer shall be unable to satisfy the conditions of the Underwriters’ obligations contained in the Bond Purchase Agreement or if the Underwriters’ obligations shall be terminated for any reason permitted by the Bond Purchase Agreement, the Bond Purchase Agreement may be cancelled by the Representative at, or at any time before, the time of the Settlement.

The Underwriters shall also have the right, before the time of Settlement, to cancel their obligations to purchase the Bonds, by written notice by the Representative to the Issuer, if between the date of the Bond Purchase Agreement and the time of Settlement:

- Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.
- The market for the Bonds or the market prices of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(A) An amendment to the Constitution of the United States or the State of Texas shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of Texas or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of Texas authority, with respect to federal or State of Texas taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon.

(B) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States.

(C) The declaration of a general banking moratorium by federal, New York or Texas authorities.

(D) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market.

(E) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

(F) The general suspension of trading on any national securities exchange.

- Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the Securities Act of 1933, as amended, or that the Bond Ordinance is not exempt from qualification under the Trust Indenture Act of 1939, as amended.
- Any change in or particularly affecting the Issuer, Chapter 1207, Texas Government Code, as amended (the “Act”), the Bond Ordinance, the Bond Purchase Agreement, the Bonds, and the Escrow Agreement dated as of the Settlement Date (collectively, the “Legal Documents”) as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Bonds.
- An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect.
- A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any Legal Documents, as contemplated by the Bond Purchase Agreement or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the Securities Act of 1933, the Securities Exchange Act of 1934 or the Trust Indenture Act of 1939, each as amended and as then in effect.
- Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Issuer, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.
- Any litigation shall be instituted or be pending at the time of the Settlement to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Bond Ordinance, and the Legal Documents or the existence or powers of the Issuer with respect to its obligations under the Legal Documents.
- The Issuer fails to deliver a certification as of the Settlement Date to the effect that (A) the evidence of the ratings on the Bonds delivered at and as of the Closing Date remain accurate or (B) the ratings on the Bonds at and as of the Settlement Date are as stated in such certification.

FORWARD DELIVERY CONTRACT . . . The Underwriters reserve the right to obligate investors purchasing the Bonds to execute a Forward Delivery Contract (the “Forward Delivery Contract”) in substantially the form set forth in Appendix D. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the Bonds, even if the purchaser decides to sell the Bonds following the date of the Forward Delivery Contract. *The City will not be a party to any Forward Delivery Contract, and the City is not in any way responsible for the performance thereof or for any representations or warranties contained therein.*

The rights and obligations under the Bond Purchase Agreement are not conditioned or dependent upon the performance of any Forward Delivery Contract.

ADDITIONAL RISKS RELATING TO FORWARD DELIVERY PERIOD . . . During the Forward Delivery Period, certain information contained in this Official Statement may change in material respects. Any changes in such information will not permit the Representative to terminate the Bond Purchase Agreement or release the purchasers from their obligation to purchase the Bonds unless the change reflects an event described under “Termination of Bond Purchase Agreement” above. In addition to the risks set forth above and under “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds,” purchasers of the Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the Bonds on the Settlement Date will not be different from those currently assigned to the Bonds. Issuance of the Bonds and the Underwriters’ obligations under the Bond Purchase Agreement are not conditioned upon the maintenance of the initial ratings of the Bonds.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market for the Bonds, and no assurance can be given that a secondary market will exist for the Bonds during the Forward Delivery Period or at any time thereafter. Prospective purchasers of the Bonds should assume that there will be no secondary market for the Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the Bonds as of the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the financial condition of the City and the State, and federal and state tax, securities and other laws. The market value of the Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Bonds, and that difference could be substantial. Neither the City nor the Underwriters makes any representations as to the expected market value of the Bonds as of the Settlement Date.

Tax Law Risk. Subject to the other conditions of Settlement and the Representative’s rights of termination described above, the Bond Purchase Agreement obligates the City to deliver, and the Underwriters to accept, the Bonds if the City delivers an opinion of Bond Counsel substantially in the form and to the effect set forth in APPENDIX C relating to the Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on “state or local bonds” (such as the Bonds) for federal income tax purposes, the City might be able to satisfy the requirements for the delivery of the Bonds. In such event, the purchasers would be required to accept delivery of the Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any such changes in tax law and the consequences of such changes to the purchasers. See “TAX MATTERS” herein.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of (i) refunding the City’s outstanding obligations listed in Schedule I (collectively, the “Refunded Obligations”), in order to lower the overall annual debt service requirements of the City, and (ii) paying the costs of issuance of the Bonds. See Schedule I for a detailed listing of the Refunded Obligations and their redemption dates.

The Certificates are being issued for the purpose of paying contractual obligations to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems; (v) acquiring, constructing, improving and equipping park and recreation facilities and the acquisition of land and rights-of-way therefor and (vi) professional services rendered in connection therewith.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations from funds to be deposited pursuant to a certain Escrow Agreement (the “Escrow Agreement”) between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Escrow Agent”). The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriters and other available City funds, if any are necessary, the City will deposit with the Escrow Agent the amount that, will be sufficient without reinvestment to accomplish the discharge and final payment of the Refunded Obligations on their redemption date. Such funds will be held by the Escrow Agent in an escrow account (the “Escrow Fund”) which will be irrevocably pledged to the payment of principal of and interest on the Refunded Obligations.

Public Finance Partners LLC, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the funds, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. Such funds in the Escrow Fund will not be available to pay the Bonds (see “Other Information - Verification of Arithmetical and Mathematical Computations”).

By the deposit of a portion of the Bond proceeds, cash, if necessary, and the Escrowed Securities purchased with a portion of the Bond proceeds, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the

Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that, as a result of such defeasance and in reliance upon the report of Public Finance Partners LLC, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City.

In the Escrow Agreement, the City covenants to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

USE OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds, are expected to be expended as follows:

SOURCES OF FUNDS:

Par Amount of Bonds	\$ 19,475,000.00
Net Premium	<u>2,734,530.35</u>
TOTAL SOURCES:	<u><u>\$ 22,209,530.35</u></u>

USES OF FUNDS:

Deposit to Escrow Fund	\$ 21,984,351.88
Costs of Issuance	139,306.67
Underwriters' Discount	<u>85,871.80</u>
TOTAL USES:	<u><u>\$ 22,209,530.35</u></u>

USE OF CERTIFICATE PROCEEDS . . . Proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS:

Par Amount of Certificates	\$ 34,910,000.00
Net Premium	<u>5,332,064.00</u>
TOTAL SOURCES:	<u><u>\$ 40,242,064.00</u></u>

USES OF FUNDS:

Deposit to Project Fund	\$ 39,885,977.00
Costs of Issuance	172,541.17
Underwriters' Discount	<u>183,545.83</u>
TOTAL USES:	<u><u>\$ 40,242,064.00</u></u>

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS. . . . The Obligations are dated August 15, 2019, and are scheduled to mature, with respect to the Bonds, on February 15 in each of the years and in the amounts shown on page 2 and, with respect to the Certificates, on February 15 in each of the years and in the amounts shown on page 4 hereof. Interest on the Obligations will accrue from the Delivery Date, estimated to be November 19, 2019, with respect to the Bonds and August 29, 2019 with respect to the Certificates, and will be computed on the basis of a 360-day year of twelve 30-day months, to be payable on each August 15 and February 15 until maturity or prior redemption, commencing February 15, 2020. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See “THE OBLIGATIONS - Book-Entry-Only System” herein.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under

“THE OBLIGATIONS - Book-Entry-Only System” herein. If the date for any payment on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are being authorized and issued pursuant to the Constitution and general laws of the State, particularly Texas Government Code, Chapter 1207, as amended and the Bond Ordinance.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES. . . The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS. . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES. . . The Certificates are payable from a combination of (i) a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property within the City and (ii) a limited pledge of \$2,500 of the net revenues of the City’s water and wastewater system, as provided in the Certificate Ordinance.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per each \$100 of Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per each \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt, based on a 90% tax collection rate as calculated at the time of issuance.

OPTIONAL REDEMPTION OF THE OBLIGATIONS. . . The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of the Obligations to be redeemed. If less than all of the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of each registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Obligations, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

DEFEASANCE. . . The Ordinances provide for the defeasance of the Bonds or the Certificates, as the case may be, when the payment of the principal of and premium, if any, on the Bonds or the Certificates, as the case may be, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds or the Certificates, as the case may be. The Ordinances provide that “Government Securities” means (a) direct,

noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Obligations under applicable laws of the State of Texas. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, the applicable Obligations shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Obligations have been made as described above, all rights of the City to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS. . . The City may, without the consent of or notice to any Holders of the Bonds or the Certificates, from time to time and at any time, amend the Bond Ordinance or the Certificate Ordinance in any manner not detrimental to the interests of the Holders of the Bonds or the Certificates, as applicable, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of Holders of a majority in aggregate principal amount of the Bonds or Certificates, as applicable, then Outstanding, amend, add to, or rescind any of the provisions of the Bond Ordinance or Certificate Ordinance; provided that, without the consent of all Holders of Outstanding Bonds or Certificates, as applicable, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Obligations, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Obligations, (2) give any preference to any Bond or Certificate over any other Bond or Certificate, respectively, or (3) reduce the aggregate principal amount of Bonds or Certificates, as applicable, required to be held by Holders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM. . . This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, interest and redemption payments on the Obligations are to be paid to and credited by DTC while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Financial Advisor and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each stated maturity of the Obligations in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry

transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Obligations under the DTC system must be made by or through DTC Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system described herein is discontinued.**

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations, unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to one or both series of the Obligations at any time by giving reasonable notice to the City or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Obligations are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered.

Effect of Termination of Book-Entry-Only System... In the event that the Book-Entry-Only System is discontinued, printed Obligation certificates will be issued to the holders and the Obligations will be subject to transfer, exchange and registration

provisions as set forth in the Ordinances and summarized under “THE OBLIGATIONS - Transfer, Exchange and Registration” herein.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriters.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar for the Obligations is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of such Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Obligations will be payable to the registered owner at maturity or prior redemption upon presentation at the principal office of the Paying Agent/Registrar. Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see “THE OBLIGATIONS – Record Date for Interest Payment” herein), and such interest shall be paid (i) by check sent by United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Obligations, payments of principal and interest on the Obligations will be made as described in “THE OBLIGATIONS - Book-Entry-Only System” herein.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued with respect to the Bonds or the Certificates, printed Bonds or Certificates, as the case may be, will be delivered to the registered owners thereof, and thereafter the Bonds or Certificates, as the case may be, may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See “THE OBLIGATIONS - Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (“Record Date”) for the interest payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

OBLIGATIONHOLDERS' REMEDIES. . . If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinances, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or the covenants in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce remedies would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW. . . The appraisal of property within the City is the responsibility of the Dallas Central Appraisal District, the Tarrant Appraisal District and the Ellis Appraisal District (collectively the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under V.T.C.A., Title 1, Tax Code, as amended (the "Property Tax Code"), to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the property's market value for the most recent tax year in which the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board within each Appraisal District, consisting of members appointed by the Board of Directors of each respective Appraisal District. Each respective Appraisal District is required to review the value of property within each respective Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the appropriate Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution (“Article VIII”) and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual’s spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 a maximum of \$12,000; provided, however, that a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran’s residence homestead. Furthermore, and subject to certain conditions, surviving spouses of a deceased veteran who had received a disability rating of 100% will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption equal to the percentage of the veteran’s disability, if the residence was donated at no cost to the veteran by a charitable organization.

The surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse’s residence homestead, if the surviving spouse has not remarried since the service member’s death and said property was the service member’s residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. Additionally, following the approval by the voters at a November 7, 2017 statewide election (with an effective date of January 1, 2018), the surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse’s residence homestead, if the surviving spouse has not remarried since the first responder’s death and said property was the first responder’s residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Under Article VIII and State law, the governing body of a county, municipality, or junior college district may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality, or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual’s spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property

appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Sections 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for “freeport property” to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as personal property acquired or imported into the State and transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption, but not both, for items of personal property.

A city or a county may utilize tax increment financing, pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, to encourage development and redevelopment within a designated tax increment reinvestment zone (“TIRZ”). Taxes collected from increases in valuation above the base value (the “captured appraised value”) by each taxing unit that levies ad valorem taxes on real property in the TIRZ may be used to pay costs of infrastructure or other public improvements in the TIRZ and to supplement or act as a catalyst for private development in the defined area of the TIRZ. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the TIRZ as of January 1 of the year in which the city created the TIRZ. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the TIRZ. The amount of a taxing unit’s tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the TIRZ, multiplied by the taxing unit’s percentage level of participation.

The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

The City is also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended (“Chapter 380”), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per each \$100 of Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per each \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt, based on a 90% tax collection rate as calculated at the time of issuance.

Public Hearing and Maintenance and Operation Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“effective tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“rollback tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.08, plus the debt service tax rate.

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city’s tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

For the 2019 tax year, the procedures in this paragraph apply. After the assessor submits the appraisal roll, a designated officer or employee of the City is required to calculate its “rollback tax rate” and “effective tax rate”. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, and may not adopt a tax rate that exceeds the lower of its “rollback tax rate” or “effective tax rate” (as such terms are defined below) until it has held two public hearings on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. The Property Tax Code provides that if the adopted tax rate exceeds the rollback tax rate, qualified voters of the city, by petition, may require that an election be held to determine whether or not to reduce the adopted tax rate to the rollback tax rate. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-effective tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Effective January 1, 2020, the terms rollback tax rate and effective tax rate will be replaced, respectively, with the terms “voter-approval tax rate” and “no-new-revenue tax rate”. Beginning with the 2020 tax year, the procedures in this paragraph and the following paragraphs apply. A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

City and Taxpayer Remedies

Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least \$50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (See “– Public Hearing and Maintenance and Operation Tax Rate Limitations”). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Reference is made to the Property Tax Code and Tex. S.B. 2, 86th Leg. RS (2019) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

2019 LEGISLATIVE SESSION . . . The 86th Regular Legislative Session convened on January 8, 2019 and adjourned on May 27, 2019. Legislation that changes current laws affecting ad valorem tax matters, including calculation of the rollback tax rate and rollback election process for maintenance tax increases, was adopted on May 27, 2019 and signed by the Texas Governor on June 12, 2019. This legislation will impact the City's future budgeting and the levy and collection of ad valorem taxes for maintenance and operations purposes. The City does not anticipate that this legislation will impact its ability to levy and collect ad valorem taxes for debt service purposes.

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses either the most recently published edition of the Annual Energy Outlook or the Short-Term Energy Outlook report, both published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST. . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest ⁽¹⁾	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	32 ⁽²⁾	6	38

(1) Interest continues to accrue after July 1 at the rate of 1% per month until paid.

(2) Includes an amount of up to 20% which may be assessed after July 1 to defray attorney expenses. Since 1987, the City has employed an outside attorney to collect its delinquent ad valorem taxes.

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax, penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is

obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$45,000; the disabled are also granted an exemption of \$30,000.

The City has granted an additional exemption of 7.5% of the market value of residence homesteads; minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

Dallas County collects taxes for the City by contract.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted partial tax abatement guidelines. See "DEBT INFORMATION – TAX ABATEMENT" herein. The City granted partial tax abatements to seven companies See "TAX ABATEMENTS" below.

The City has created three TIRZs, but at this time only two are active.

TAX ABATEMENTS..... As of the 2017 certified roll (used for 2018 fiscal year) the City's abatement agreements with seven companies resulted in \$54,157,220 in appraised values being exempt from taxation, totaling \$232,425 in taxes abated on the 2017 certified tax roll (used for the 2018 fiscal year).

TAX INCREMENT FINANCING ZONES..... Three TIRZs have been created within the City, with two being currently active, TIRZ No. 1 and TIRZ No. 3. TIRZ No. 1 was recently expanded to include more land mass within the City. Both active TIRZs are expected to have combined property tax increments of approximately \$2,556,361 for Fiscal Year 2019. For the Fiscal Year 2020, the City anticipates property tax revenue increments of \$3,399,770. Both active TIRZs are still being developed.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

Tax Year 2019 (FY 19-20) Market Valuation Established by Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Appraisal District		\$ 20,325,673,616
Less Exemptions/Reductions		
Homestead	\$ 459,022,839	
Over 65 & Disabled	373,156,804	
Disabled Veterans	138,427,888	
Agricultural Use Reductions	34,372,699	
Non-Taxable/Totally Exempt	1,436,365,414	
Tax Abatements	38,649,813	
Freeport Property	965,572,510	
Pollution Control	2,676,177	
Under \$500	550,935	
Com HSE DEV	12,303,303	
Capped Value Loss	539,452,126	
Total Exemptions/Reductions	\$ 4,000,550,508	
2019/2020 Taxable Assessed Valuation		\$ 16,325,123,108
Outstanding General Obligation Debt as of 8/30/2019 ⁽¹⁾		\$ 236,570,000
The Series 2019 Bonds		19,475,000
The Series 2019A Certificates		34,910,000
The Taxable Series 2019B Certificates ⁽²⁾		34,305,000
The Taxable Series 2019 Notes ⁽²⁾		7,105,000
Total Outstanding General Obligation Debt as of 8/30/2019		\$ 332,365,000
Less Self-Supporting General Obligation Debt		
Airport	\$ 885,000	
Tax Increment Financing District No. 1	7,430,000	
Public Improvement Districts	450,000	
Crime Control Prevention District	15,880,000	
Total General Obligation Self-Supporting Debt	\$ 24,645,000	
Net General Obligation Debt Payable from Ad Valorem Taxes as of 8/30/2019		\$ 307,720,000
Interest and Sinking Fund balance as of June 1, 2019		\$ 9,090,910
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		1.88%
2019 Estimated Population -	194,000	
Per Capita Taxable Assessed Valuation -	\$ 84,150	
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes -	\$ 1,586	

(1) Excludes the Refunded Obligations and assumes forward delivery of the Bonds.

(2) Being offered concurrently with the Obligations under a separate Official Statement.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30, ⁽¹⁾					
	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 8,702,702,995	42.82%	\$ 8,170,636,070	44.14%	\$ 7,205,616,896	42.51%
Real, Residential, Multi-Family	588,113,327	2.89%	1,445,719,187	7.81%	1,195,400,186	7.05%
Real, Vacant Platted Lots/Tracts	295,614,469	1.45%	292,948,871	1.58%	254,817,282	1.50%
Real, Acreage (Land Only)	74,627,276	0.37%	80,528,897	0.44%	41,567,047	0.25%
Real, Farm and Ranch Improvements	785,322	0.00%	6,500,357	0.04%	5,527,965	0.03%
Real, Commercial and Industrial	5,352,103,009	26.33%	3,474,724,125	18.77%	3,179,117,750	18.75%
Oil, Gas Mineral Reserves	37,733,271	0.19%	18,860,928	0.10%	17,500,902	0.10%
Real and Tangible Personal, Utilities	217,058,489	1.07%	197,390,503	1.07%	180,239,772	1.06%
Tangible Personal, Business	3,475,124,423	17.10%	3,223,646,846	17.41%	3,194,539,962	18.85%
Tangible Personal, Other	2,657,940	0.01%	10,116,667	0.05%	10,620,787	0.06%
Special Inventory	56,371,520	0.28%	65,354,817	0.35%	27,949,740	0.16%
Certified values in dispute	411,654,898	2.03%	200,811,716	1.08%	451,951,792	2.67%
Non-Taxable Property	1,111,126,677	5.47%	1,324,853,428	7.16%	1,186,206,863	7.00%
Total Appraised Value Before Exemptions	\$ 20,325,673,616	100.00%	\$ 18,512,092,412	100.00%	\$ 16,951,056,944	100.00%
Less Exemptions:						
Homestead	\$ 459,022,839		\$ 309,413,678		\$ 303,360,667	
Over 65 & Disabled	373,156,804		363,401,064		348,917,131	
Disabled Veterans	138,427,888		116,731,369		89,178,560	
Agricultural/Open Spaces	34,372,699		77,724,519		58,841,508	
Non-Taxable	1,436,365,414		1,324,853,428		1,188,530,014	
Tax Abatements	38,649,813		30,822,819		33,750,575	
Freeport Property	965,572,510		1,001,108,814		977,034,125	
Pollution Control	2,676,177		2,593,394		2,796,427	
Under \$500	550,935		380,851		331,081	
Com HSE DEV	12,303,303 ⁽²⁾		91,880 ⁽²⁾		11,800,000 ⁽²⁾	
Foreign Trade Zone	0		85,674,719		83,934,151	
Capped Value Loss	539,452,126		444,280,284		330,975,497	
Total Exemptions	\$ 4,000,550,508		\$ 3,757,076,819		\$ 3,429,449,736	
Taxable Assessed Value	\$ 16,325,123,108		\$ 14,755,015,593		\$ 13,521,607,208	

	Taxable Appraised Value for Fiscal Year Ended September 30, ⁽¹⁾			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 6,438,258,351	41.71%	\$ 5,598,320,712	41.35%
Real, Residential, Multi-Family	1,040,598,212	6.74%	956,544,517	7.06%
Real, Vacant Platted Lots/Tracts	257,414,968	1.67%	298,300,767	2.20%
Real, Acreage (Land Only)	39,674,804	0.26%	66,809,237	0.49%
Real, Farm and Ranch Improvements	5,933,552	0.04%	-	0.00%
Real, Commercial and Industrial	2,666,907,843	17.28%	2,309,898,408	17.06%
Oil, Gas Mineral Reserves	19,990,442	0.13%	69,596,184	0.51%
Real and Tangible Personal, Utilities	155,867,326	1.01%	106,212,689	0.78%
Tangible Personal, Business	2,963,382,157	19.20%	2,638,575,290	19.49%
Tangible Personal, Other	12,778,481	0.08%	11,105,760	0.08%
Special Inventory	33,571,160	0.22%	27,974,640	0.21%
Certified values in dispute	641,814,478	4.16%	617,099,036	4.56%
Non-Taxable Property	1,158,856,652	7.51%	839,031,138	6.20%
Total Appraised Value Before Exemptions	\$ 15,435,048,426	100.00%	\$ 13,539,468,378	100.00%
Less Exemptions:				
Homestead	\$ 153,810,211		\$ 152,148,129	
Over 65 & Disabled	339,969,033		322,141,545	
Disabled Veterans	67,853,915		50,856,893	
Agricultural/Open Spaces	58,399,630		45,634,536	
Non-Taxable	1,160,499,872		837,424,401	
Tax Abatements	39,794,679		42,528,834	
Freeport Property	987,345,764		895,937,112	
Pollution Control	3,356,858		3,012,520	
Under \$500	368,758		401,420	
Com HSE DEV	11,100,000		-	
Foreign Trade Zone	79,997,426		78,504,679	
Capped Value Loss	214,661,472		15,268,309	
Total Exemptions	\$ 3,117,157,618		\$ 2,443,858,378	
Taxable Assessed Value	\$ 12,317,890,808		\$ 11,095,610,000	

(1) Valuations shown are certified taxable assessed values reported by the three Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records. Regarding variances between the three districts require some estimates or adjustments to these categories' details.

(2) Under review by City staff.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2014	181,230	\$ 9,842,362,530 ⁽⁴⁾	\$ 54,309	\$ 148,553,000	1.51%	\$ 820
2015	181,230	10,558,457,782 ⁽⁵⁾	58,260	161,857,000	1.53%	893
2016	182,610	11,095,610,000 ⁽⁶⁾	60,761	175,810,000	1.58%	963
2017	184,620	12,317,890,808 ⁽⁷⁾	66,720	191,200,000	1.55%	1,036
2018	187,000	13,521,607,208 ⁽⁸⁾	72,308	211,985,000	1.57%	1,134
2019	194,000	14,755,015,593 ⁽⁹⁾	76,057	307,720,000 ⁽¹⁰⁾	2.09%	1,586

(1) Source: City Staff.

(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Projected excludes revenue-supported general obligation debt. See "TABLE 9 - Computation of Self-Supporting Debt"

(4) Includes taxable incremental value of approximately \$487,063,500 that is not available for the City's general use.

(5) Includes taxable incremental value of approximately \$528,935,423 that is not available for the City's general use.

(6) Includes taxable incremental value of approximately \$147,301,648 that is not available for the City's general use.

(7) Includes taxable incremental value of approximately \$214,042,756 that is not available for the City's general use.

(8) Includes taxable incremental value of approximately \$281,406,819 that is not available for the City's general use.

(9) Includes taxable incremental value of approximately \$381,547,594 that is not available for the City's general use.

(10) Includes the Obligations, as well as the Taxable Series 2019B Certificates and the Taxable Series 2019 Notes being offered concurrently under a separate Official Statement. Excludes the Refunded Obligations.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2015	\$ 0.669998	\$ 0.484892	\$ 0.185106	\$ 70,741,456	98.10%	98.81%
2016	0.669998	0.484892	0.185106	74,340,365	98.92%	100.23%
2017	0.669998	0.473549	0.196449	82,529,622	98.08%	98.85%
2018	0.669998	0.471196	0.198802	88,709,078	98.77%	98.77%
2019	0.669998	0.463696	0.206302	98,858,309	99.80% ⁽¹⁾	100.40% ⁽¹⁾

(1) Collections through February 28, 2019.

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TABLE 5 - TEN LARGEST TAXPAYERS ⁽¹⁾

Name of Taxpayer	Nature of Property	Tax Year 2018	% of Total
		Taxable Assessed Valuation	Taxable Assessed Valuation
Lockheed Martin	Defense Industry	\$ 121,053,438	0.82%
Duke Realty LTD PS	Real Estate	117,894,403	0.80%
Poly America LP	Manufacturing	107,626,258	0.73%
Grand Prairie Outlets LLC	Outlet Mall	100,248,779	0.68%
Bell Helicopter-Textron Inc.	Defense Industry	96,810,273	0.66%
Oncor Electric Delivery	Utility	89,916,171	0.61%
CHI/Wildlife 5 LP	Real Estate	83,173,050	0.56%
2803 Riverside Apt Investors LLC	Real Estate	59,390,000	0.40%
Mars Partners LTD	Real Estate	53,345,234	0.36%
Haier US Appliance Solutions Inc.	Manufacturing	49,913,243	0.34%
		<u>\$ 879,370,849</u>	<u>5.96%</u>

(1) Source: The Appraisal District.

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "TAX INFORMATION – Tax Rate Limitation").

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" (the "MAC Reports") published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued Tax Debt since the date of the MAC Reports, and such entities may have programs requiring the issuance of substantial amounts of Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Body	2018/2019		G.O. Debt as of 5/31/2019	Estimated % Overlapping	Overlapping G.O. Debt
	Taxable Assessed Valuation	2018/2019 Tax Rate			
Arlington Independent School District	\$ 27,332,963,659	\$ 1.3687	\$ 766,072,018	18.70%	\$ 143,255,467
Cedar Hill Independent School District	3,599,590,013	1.3760	108,705,013	4.82%	5,239,582
Dallas County	243,677,733,215	0.2431	166,685,000	2.81%	4,683,849
Dallas County Community College District	250,711,265,787	0.1242	182,800,000	2.81%	5,136,680
Dallas County Flood Control District #1	167,070,378	1.8000	23,355,000	0.79%	184,505
Parkland Hospital District	244,186,272,009	0.2794	687,775,000	2.83%	19,464,033
Dallas County Schools	207,228,323,960	0.0090	33,815,000	2.83%	956,965
Ellis County	15,355,774,687	0.3710	35,325,000	0.07%	24,728
Grand Prairie Independent School District	7,290,227,263	1.5950	478,515,000	90.96%	435,257,244
Irving Independent School District	13,439,011,068	1.4011	407,935,000	0.72%	2,937,132
Mansfield Independent School District	13,804,138,953	1.5400	773,725,000	13.49%	104,375,503
Midlothian Independent School District	4,499,126,313	1.5400	356,066,373	0.21%	747,739
Tarrant County	180,110,821,859	0.2340	294,500,000	4.07%	11,986,150
Tarrant County Hospital District	180,270,255,261	0.2244	17,735,000	4.07%	721,815
			<u>\$ 4,333,008,404</u>		<u>\$ 734,971,389</u>
City of Grand Prairie	\$ 14,755,015,593	\$ 0.6699	\$ 332,365,000 ⁽¹⁾	100.00%	\$ 332,365,000
Total Direct and Overlapping Debt.....					\$ 1,067,336,389
Total Direct and Overlapping Debt to City's Taxable Assessed Value.....					7.23%

(1) Includes the Obligations, excludes the Refunded Obligations. Also includes the Taxable Series 2019B Certificates and the Taxable Series 2019 Notes being offered under a separate Official Statement.

DEBT INFORMATION

TABLE 7 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service ⁽¹⁾			The Series 2019 Bonds			The Series 2019A Certificates			The Taxable Series 2019B Certificates			The Taxable Series 2019 Notes			Less: Self-	Net General	% of
	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Supporting Debt Service	Obligation Debt Service	Principal Retired
2019	\$ 27,195,000	\$ 13,345,313	\$ 40,540,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,201,969	\$ 28,338,343	
2020	28,960,000	11,299,110	40,259,110	-	719,493	719,493	1,800,000	1,393,557	3,193,557	-	769,156	769,156	-	147,402	147,402	11,651,563	33,437,154	
2021	25,105,000	9,488,041	34,593,041	3,790,000	879,000	4,669,000	1,815,000	1,379,100	3,194,100	-	800,278	800,278	-	153,366	153,366	10,468,582	32,941,203	
2022	23,225,000	7,704,281	30,929,281	4,005,000	684,125	4,689,125	1,880,000	1,305,200	3,185,200	2,310,000	778,749	3,088,749	460,000	149,079	609,079	8,084,885	34,416,549	
2023	16,520,000	6,110,971	22,630,971	2,855,000	512,625	3,367,625	1,950,000	1,235,350	3,185,350	2,350,000	734,942	3,084,942	465,000	140,383	605,383	282,325	32,591,947	40.24%
2024	17,180,000	5,455,134	22,635,134	2,365,000	382,125	2,747,125	2,035,000	1,156,725	3,191,725	2,395,000	688,762	3,083,762	475,000	131,235	606,235	285,475	31,978,505	
2025	12,200,000	4,865,368	17,065,368	1,250,000	291,750	1,541,750	1,285,000	1,078,225	2,363,225	2,445,000	639,432	3,084,432	485,000	121,450	606,450	82,000	24,579,225	
2026	12,115,000	4,349,709	16,464,709	855,000	239,125	1,094,125	1,350,000	1,015,350	2,365,350	2,500,000	586,754	3,086,754	5,220,000	58,203	5,278,203	-	28,289,141	
2027	11,885,000	3,832,590	15,717,590	890,000	195,500	1,085,500	1,315,000	951,725	2,266,725	2,555,000	530,300	3,085,300	-	-	-	-	22,155,115	
2028	9,765,000	3,362,265	13,127,265	940,000	149,750	1,089,750	1,380,000	884,350	2,264,350	2,615,000	470,553	3,085,553	-	-	-	-	19,566,918	66.80%
2029	10,170,000	2,942,640	13,112,640	800,000	106,250	906,250	1,455,000	813,475	2,268,475	2,680,000	408,038	3,088,038	-	-	-	-	19,375,403	
2030	9,055,000	2,555,887	11,610,887	840,000	65,250	905,250	1,525,000	738,975	2,263,975	2,745,000	342,357	3,087,357	-	-	-	-	17,867,469	
2031	9,015,000	2,216,380	11,231,380	885,000	22,125	907,125	1,605,000	660,725	2,265,725	2,815,000	273,095	3,088,095	-	-	-	-	17,492,325	
2032	9,360,000	1,880,479	11,240,479	-	-	-	1,680,000	587,000	2,267,000	2,885,000	199,950	3,084,950	-	-	-	-	16,592,428	
2033	9,720,000	1,514,528	11,234,528	-	-	-	1,745,000	518,500	2,263,500	2,965,000	122,835	3,087,835	-	-	-	-	16,585,863	86.81%
2034	9,280,000	1,125,369	10,405,369	-	-	-	1,820,000	447,200	2,267,200	3,045,000	41,656	3,086,656	-	-	-	-	15,759,224	
2035	7,700,000	772,906	8,472,906	-	-	-	1,895,000	372,900	2,267,900	-	-	-	-	-	-	-	10,740,806	
2036	6,095,000	490,700	6,585,700	-	-	-	1,970,000	295,600	2,265,600	-	-	-	-	-	-	-	8,851,300	
2037	3,995,000	288,900	4,283,900	-	-	-	2,050,000	215,200	2,265,200	-	-	-	-	-	-	-	6,549,100	
2038	2,560,000	157,800	2,717,800	-	-	-	2,135,000	131,500	2,266,500	-	-	-	-	-	-	-	4,984,300	98.64%
2039	2,665,000	53,300	2,718,300	-	-	-	2,220,000	44,400	2,264,400	-	-	-	-	-	-	-	4,982,700	100.00%
	\$ 263,765,000	\$ 83,811,670	\$ 347,576,670	\$ 19,475,000	\$ 4,247,118	\$ 23,722,118	\$ 34,910,000	\$ 15,225,057	\$ 50,135,057	\$ 34,305,000	\$ 7,386,856	\$ 41,691,856	\$ 7,105,000	\$ 901,117	\$ 8,006,117	\$ 43,056,799	\$ 428,075,018	

(1) Interest on the Combination Tax & Tax Increment Revenue Certificates of Obligation, Series 2001 and Tax & Revenue Certificates of Obligation, Series 2008 is calculated at the maximum rate of 15%. Excludes the Refunded Obligations relating to the Series 2019 Bonds.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION ⁽¹⁾

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2019		\$ 31,634,008
Interest and Sinking Fund 9/30/2018	\$ 5,535,816	
Budgeted 2019 Interest and Sinking Fund Tax Levy @ 98% Collection	29,779,463	
Prior year taxes and refunds	200,000	
TIFF Contribution	(579,138)	
Transfer from Section 8/Cemetery	<u>50,000</u>	
Total Available		<u>\$ 34,986,141</u>
Estimated Balance, Fiscal Year Ending 9/30/2019		\$ 3,352,133

(1) Data provided by the City.

TABLE 9 - COMPUTATION OF SELF-SUPPORTING DEBT

	Crime Control			Westchester		Forum Estates
	District	Airport Fund	TIF #1	PID 1	PID 5	
Resources Available for Debt Service Fiscal Year Ended 9/30/2018	\$ 16,185,875	\$ 453,389	\$ 12,192,267	\$ 520,570	\$ 330,201	
Less: Revenue Bond Requirements, Fiscal Year Ended 9/30/2018	-	-	-	-	-	
Balance Available for payment of Self-Supporting General Obligation Debt	\$ 16,185,875	\$ 453,389	\$ 12,192,267	\$ 520,570	\$ 330,201	
General Obligation Bonds and Certificates of Obligation Debt Service Requirements, Fiscal Year Ended 9/30/2019	<u>5,185,959</u>	<u>196,979</u>	<u>3,965,520</u>	<u>183,600</u>	<u>83,600</u>	
Balance	\$ 10,999,916	\$ 256,410	\$ 8,226,748	\$ 336,970	\$ 246,601	
Percentage of System General Obligation Bonds and Certificates of Obligation Self-Supporting	100.00%	100.00%	100.00%	100.00%	100.00%	

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount		
		Authorized Amount	Previously Issued	Unissued Balance
Solid Waste	12/08/90	\$ 180,000	\$ 75,000	\$ 105,000
Streets/Signal	11/06/01	56,000,000	55,959,773	40,227
Storm Drainage	11/06/01	8,200,000	6,576,573	1,623,427
Public Safety	11/06/01	11,800,000	11,800,000	-
		<u>\$ 76,180,000</u>	<u>\$ 74,411,346</u>	<u>\$ 1,768,654</u>

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT. . . . The City is issuing concurrently, under a separate Official Statement, \$34,305,000 Combination Tax and Revenue Certificates of Obligation, Taxable Series 2019B and \$7,105,000 in Combination Tax and Revenue Tax Notes, Taxable Series 2019, which are estimated to close on August 29, 2019.

OTHER OBLIGATIONS. . . . The City has no other property tax-supported debt outstanding as of the date of this Official Statement except as described herein.

RETIREMENT PLAN. . . . All eligible employees of the City are members of the Texas Municipal Retirement System ("TMRS"). Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. The Plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the Plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The Plan

provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS and within the actual constraints also in the statutes.

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Fiscal Year	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
2012	\$ 323,972,818	\$ 385,345,197	84.10%	\$ 61,372,379	\$ 64,693,060	94.87%
2013	349,460,132	405,074,405	86.30%	55,614,273	66,435,664	83.70%
2014	376,082,419	450,523,220	83.50%	74,440,801	68,769,035	108.25%
2015	401,667,459	470,075,530	85.40%	68,408,071	77,244,326	88.56%
2016	426,404,111	496,727,015	85.80%	70,322,904	82,113,476	85.64%
2017	444,611,622	525,359,395	90.84%	80,747,733	88,720,932	91.01%

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits through the Texas Municipal Retirement System, the City has opted to provide eligible retired employees with the following post-employment benefits:

Eligible retirees may purchase health insurance from the City's healthcare provider. The cost of insurance varies based on date retired, plan selected, and years of Grand Prairie service. The cost of coverage is shared between the City and the retiree in varying increments based on the above factors.

Eligible retirees may purchase health insurance from the City's healthcare provider at the City's cost to cover current employees for dependents if the dependents were covered consecutively during the past two years prior to the retirement date. The cost of insurance varies based on date retired, plan selected, and years of Grand Prairie service. The cost of coverage is shared between the City and the retiree in varying increments based on the above factors.

The City recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The appropriation for the fiscal year ending September 30, 2017 was \$3,091,028. The budgeted amount for such benefits in the fiscal year ending September 30, 2018 was \$3,833,909.

In fiscal 2007, the City implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The City has performed an actuarial valuation of its post-retirement benefit liability. It has engaged an independent actuarial firm to prepare a valuation. The City reviewed the study and plans to comply with legal requirements to perform additional studies in the future at the required intervals. The actuarial liability is estimated at \$55,800,537 at September 30, 2018.

For more information concerning the City's post-employment benefits, see the financial statements of the City, and the notes thereto.

TABLE 11 - CHANGE IN NET POSITION

	Fiscal Year Ending, September 30,				
	2018	2017	2016	2015	2014
Revenues					
Fees, Fines and Charges for Services	\$ 47,831,146	\$ 50,349,054	\$ 45,025,523	\$ 34,849,122	\$ 37,100,501
Operating Grants and Contributions	36,511,876	35,572,942	37,024,064	33,329,097	34,980,362
Capital Grants and Contributions	3,971,782	8,305,146	8,807,012	1,232,805	4,020,110
General Revenues:					
Property Taxes	\$ 94,648,690	\$ 84,925,774	\$ 77,923,990	\$ 73,070,467	\$ 77,334,662
Sales Taxes	64,250,717	60,585,824	57,076,997	53,494,773	50,846,972
Other Taxes and Assessments	2,208,298	2,015,917	1,791,075	1,713,865	1,550,172
Franchise Fees	14,485,521	9,996,934	13,928,847	14,089,158	13,315,452
Investment Income	3,506,788	2,425,419	2,173,508	1,609,156	652,067
Other	-	-	-	-	-
Total Revenues	\$ 267,414,818	\$ 254,177,010	\$ 243,751,016	\$ 213,388,443	\$ 219,800,298
Expenses					
Support Services	\$ 27,614,430	\$ 26,731,588	\$ 23,045,026	\$ 22,102,591	\$ 20,400,867
Public Safety	101,033,502	100,253,923	91,860,495	80,359,190	80,333,290
Recreation and Leisure	33,942,742	32,962,890	29,709,690	26,746,861	25,255,982
Development and Other Services	97,241,362	90,088,069	88,963,122	77,263,159	75,473,057
Interest on Long-Term Debt	12,481,762	12,108,299	12,374,896	8,019,147	7,922,519
	\$ 272,313,798	\$ 262,144,769	\$ 245,953,229	\$ 214,490,948	\$ 209,385,715
Increase in net position before transfers	\$ (4,898,980)	\$ (7,967,759)	\$ (2,202,213)	\$ (1,102,505)	\$ 10,414,583
Transfers, net	6,272,419	5,271,645	5,346,108	2,403,135	4,286,373
Increase (decrease) in net assets	\$ 1,373,439	\$ (2,696,114)	\$ 3,143,895	\$ 1,300,630	\$ 14,700,956
Prior period adjustments	\$ (49,038,142)	\$ -	\$ -	\$ (37,358,089)	\$ -
Net position - beginning	405,407,435	408,103,549	404,959,654	441,017,113	426,316,157
Net position - ending	\$ 357,742,732	\$ 405,407,435	\$ 408,103,549	\$ 404,959,654	\$ 441,017,113

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TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Revenues:					
Property Taxes	\$ 61,122,847	\$ 56,275,511	\$ 53,681,627	\$ 50,336,919	\$ 45,315,907
Sales Taxes	31,532,937	29,804,519	27,922,103	26,407,761	25,162,422
Franchise Fees	14,485,521	13,805,938	13,928,847	14,089,158	13,315,452
Charges for Services	5,847,113	5,676,907	5,796,986	5,335,832	5,355,348
Fines and Forfeitures	7,337,547	7,633,756	7,740,514	7,279,318	7,312,495
Licenses and Permits	3,000,527	3,080,890	3,457,438	2,813,341	2,909,002
Interest	3,213,375	2,065,665	1,833,724	1,600,927	628,887
Other	8,372,846	8,377,136	8,156,437	6,252,157	6,220,640
Total Revenues	\$ 134,912,713	\$ 126,720,322	\$ 122,517,676	\$ 114,115,413	\$ 106,220,153
Expenditures:					
Administrative Services	\$ 22,333,632	\$ 20,899,884	\$ 18,145,433	\$ 16,574,203	\$ 14,690,989
Public Safety Services	84,283,161	78,678,246	73,478,242	70,907,083	68,546,747
Development Service and Other	12,947,245	12,686,050	12,391,453	12,273,830	12,102,508
Recreation and Leisure Services	2,760,622	2,591,734	2,398,214	1,958,463	1,931,941
Capital Outlays	1,086,949	1,305,324	1,668,480	1,287,895	848,634
Total Expenditures	\$ 123,411,609	\$ 116,161,238	\$ 108,081,822	\$ 103,001,474	\$ 98,120,819
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 11,501,104	\$ 10,559,084	\$ 14,435,854	\$ 11,113,939	\$ 8,099,334
Transfer in (Out) Net	(10,106,151)	(11,110,985)	(11,794,063)	(8,674,408)	(13,413,933)
Proceeds for sale of capital assets	1,003,393	886,711	621,458	556,696	613,163
Beginning Fund Balance	31,346,705	31,011,895	27,748,646	24,115,372	28,816,808
Prior period adjustments	-	-	-	637,047	-
Ending Fund Balance	\$ 33,745,051	\$ 31,346,705	\$ 31,011,895	\$ 27,748,646	\$ 24,115,372

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TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	City	Parks & Rec.	Streets	Baseball Stadium ⁽¹⁾	Senior Center ⁽¹⁾	Crime Control	Epic ⁽¹⁾	Total	Equivalent of Total Ad Valorem Tax Rate ⁽²⁾
2015	\$ 26,407,761	\$ 6,752,015	\$ 6,752,014	\$ 3,376,007	\$ 3,376,007	\$ 6,670,193	\$ -	\$ 53,333,997	\$0.2380
2016	27,922,103	7,268,076	7,268,076	-	-	7,189,890	7,268,076	56,916,221	0.2517
2017	29,804,519	7,667,736	7,667,736	-	-	7,717,930	7,667,736	60,525,657	0.2420
2018	31,532,937	8,207,902	8,207,902	-	-	8,094,074	8,207,902	64,250,717	0.2332
2019 ⁽³⁾	16,725,844	4,181,461	4,181,461	-	-	4,149,929	4,181,461	33,420,156	0.1110

(1) At an election held on May 10, 2014, voters abolished the City's two additional 1/8% local sales and use taxes as authorized under Section 334.089, Local Government Code, effective September 30, 2015, and adopted a new additional 1/4% City sales and use tax for the City's Central Park project as permitted under the provisions of Chapter 334, Local Government Code, effective October 1, 2015. The additional sales tax receipts will be used to pay the cost associated with the project. The City began collecting the tax on October 1, 2015.

(2) City general fund only.

(3) Collections through May 2019 on a cash basis.

SALES TAX ELECTIONS

The voters approved a 1/4% local sales and use tax rate at an election held on November 2, 1999 under Section 334.021 of Chapter 334, Local Government Code. The additional sales tax receipts are used exclusively for costs associated with the municipal parks and recreation system as defined in Section 334.001(4)(D). The City began collecting the tax in April 2000. The sales tax authorized by the November 2, 1999 election is not pledged to nor available for payment on the Obligations.

The voters approved a 1/4% local sales and use tax rate at an election held on November 6, 2001 under Chapter 327 Subtitle C, Title 3, Tax Code. The additional sales tax receipts are used exclusively for street repair maintenance. The 1/4 cent sales tax has a life of 4 years unless re-approved by the voters. The sales tax authorized by the November 6, 2001 election is not pledged to or available for payment of the Obligations. The sales tax was reauthorized in May 2009 and again in May 2017 for 8 years.

On May 12, 2007 voters approved a 1/2% sales tax to be utilized in a 1/4% and two 1/8% increments for the following projects:

- A 1/4% local sales and use tax under Section 363.054, Local Government Code for Crime Control and Prevention District to fund a new Police Center.
- A 1/8% local sales and use tax for a new Senior Center.
- A 1/8% local sales and use tax for a minor league baseball stadium.

The additional sales tax receipts were to be exclusively for costs associated with each of the projects. The City began collecting the tax on October 1, 2007. Such sales tax is not pledged to or available for payment of the Obligations.

At an election held on May 10, 2014, voters abolished the City's two additional 1/8% local sales and use taxes for the Senior Center and the minor League Baseball Stadium as authorized in 2007 under Section 334.089, Local Government Code, effective September 30, 2015, and adopted a new additional 1/4% city sales and use tax for the City's Central Park project as permitted under the provisions of Chapter 334, Local Government Code, effective October 1, 2015. The additional sales tax receipts will be used to pay the costs associated with the City's Central Park project. The City began collecting the tax on October 1, 2015. Such sales tax is not pledged to or available for payment of the Obligations.

At an election on May 12, 2012, the 1/4% sales tax for the Crime Control and Prevention District was re-authorized for a period of ten years.

DEVELOPMENT FEES

The new impact fees will be used for water improvements and wastewater improvements and are not pledged to the payment of the debt service requirements of the Obligations. Impact fees for roadway improvements were eliminated in 2001. Each of the two types of fees are developed separately based upon excess capacity of existing infrastructure and projected construction of capital improvements over the next 10 years. Revenues generated by impact fees can only be used to finance the improvements identified in an adopted Capital Improvements Plan. The City must update land use assumptions and capital improvements plans every three years.

FYE	Impact Fee Revenues	
	Water	Wastewater
2015	\$ 1,409,396	\$ 380,484
2016	1,892,680	514,323
2017	1,403,218	404,663
2018	1,910,802	827,434
2019 ⁽¹⁾	1,075,784	427,744

(1) Through May 2019. Unaudited.

The City created a storm water utility under the Texas Municipal Drainage Utility Systems Act. Such Act provides for the creation of a storm water utility to provide storm water services including planning, operations, maintenance, and capital improvements for storm water runoff. Such Act also provides for collection of user fees based on storm water runoff volumes.

COMPENSATED ABSENCES

The City's accrued unfunded compensated absences liability is approximately \$18,549,050 as of September 30, 2018.

RISK MANAGEMENT

Property, liability, safety, workers' compensation and health and wellness insurance are accounted for in the Risk Management Fund, an internal service fund. Net expenses of these programs in property 2017-18 is \$4,715,378, liability and workers' compensation and \$16,192,378 for employee health and wellness insurance.

Beginning October 1, 1991, the City placed all of its property, liability and workers' compensation coverage with Texas Municipal League Intergovernmental Risk Pool. The limits of liability and retention vary according to type of coverage provided.

The operating funds are charged premiums for property, liability, workers' compensation and employee health coverage by the Risk Management Fund. Employees pay for dependent health coverage independently. The incurred but unreported claims for these programs as of September 30, 2018 were \$3,971,327.

The City allows retired employees to continue participating in its group health insurance program after retirement with all premiums paid by the retirees.

FINANCIAL MANAGEMENT POLICIES

The City Council and staff make financial decisions throughout the year based upon financial guidelines. The Financial Management Policies (FMP) provides a framework, or master plan, within which to make operating and capital budget decisions, as well as other financial decisions. The primary objective of the FMP is to enable the City to achieve a long-term stable and positive financial condition.

The policies which were originally approved by City Council resolution on February 9, 1988 and are updated annually address the following subjects: accounting, auditing and financial reporting, internal controls, operating budget, capital budget and program, revenue management, expenditure control, asset management, financial condition and reserves, debt management, and staffing and training. Significant issues addressed by the policies include the following:

BASIS OF ACCOUNTING . . . The City policy is to adhere to the accounting principles established by the Governmental Accounting Standards Board, as amended.

GENERAL FUND BALANCE . . . The City's goal is to maintain between 50 and 60 days of expenditures of the General Fund expenditures budget in the General Fund resources balance.

DEBT SERVICE FUND BALANCE . . . The City policy is to maintain balances of no greater than one month of principal and interest requirements except that the City's revenue bond policy and bond ordinance requirement are to maintain revenue supported debt service reserves at the level of the average annual debt service plus an amount accrued for the debt service payment.

USE OF BOND PROCEEDS, GRANTS, ETC . . . The City policy is to use bond proceeds only for major assets with expected lives which equal or exceed the average life of the debt issue.

BUDGETARY PROCEDURES . . . The City policy is to pay for current expenditures with certain revenues and to utilize reserves only for emergencies. The annual operating budget shall provide for operation and maintenance of capital plant.

FUND INVESTMENTS . . . The City policy is to invest its cash with three objectives in mind listed in order of priority: safety, liquidity and yield. Unrestricted idle cash is pooled for short-term investment in government securities, money market mutual funds and local government investment pools. The mix and term of investments is determined based on the City's liquidity needs and the yield curve.

TAX ABATEMENT . . . The City policy is to grant tax abatement for the development of new facilities or the expansion of existing facilities for which the life of the facility exceeds the life of the abatement. For properties not in an enterprise zone, total investment must exceed \$5,000,000, total job creation must exceed 25 permanent positions, the abatement period may not exceed 10 years and the abatement percentage may not exceed 75%.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS....Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a

primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pay no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bear no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES. . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio; and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS. . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio and requires an interpretation of subjective investment standards) and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds

held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

The City Manager designates the Chief Financial Officer as the City's chief investment officer. The Treasurer, Controller, and Treasury Analyst are designated as additional investment officers. The Chief Financial Officer is responsible for the City's comprehensive cash management program, including the administration of the Investment Policies. The Chief Financial Officer is responsible for considering the quality and capability of staff involved in investment management and procedures. The Chief Financial Officer shall be responsible for authorizing investments and the Treasurer shall account for investments and pledged collateral in order to maintain appropriate internal controls. The Controller shall be responsible for recording investments in the City's books of accounts. The Internal Audit staff shall audit records monthly and the external auditors will review for management controls on investments and adherence to policy as required by law.

INVESTMENT COMMITTEE

An Investment Committee consisting of the Deputy City Manager, Chief Financial Officer, Assistant CFO and Chief Accountant shall meet as frequently as necessary to review the City's investment portfolio. The Committee shall also meet as necessary to add or delete a financial institution or broker/dealer from the list of institutions with which the City may do business or to conduct other business. The committee shall also meet to review prospectuses, financial statements and other performance data on money market mutual funds and shall formulate recommendations on the advisability of investing in specific funds for the consideration of the City Council.

Any three of the five Investment Committee members constitute a quorum. The Treasurer shall serve as chairman of the committee, and written record of Investment Committee meetings shall be maintained.

A. Authorized Investments

The City may invest in:

1. Obligations of the United States or its agencies and instrumentalities (except for derivatives and mortgage pass-through securities).
2. Repurchase agreements whose underlying collateral consists of obligations of the United States or its agencies and instrumentalities, has a defined termination date, requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity, and is placed through a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in this state. Repurchase agreement means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date, obligations of the United States or its agencies and instrumentalities. The term may not exceed 90 days.
3. Municipal Securities (State, City, County, school or road district general obligation or revenue bonds) (out-of-state bonds shall only be general obligation bonds) with a remaining maturity of three years or less which have received a rating by at least two nationally recognized credit rating agencies of at least A or its equivalent.
4. Commercial paper with a stated maturity of 90 days or less from the date of its issuance that is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof. The Sports Corp only allows this quality of commercial paper if managed through a local government investment pool.
5. Prime domestic bankers' acceptances meaning a bankers' acceptance with a stated maturity of 270 days or less from the date of its issuance that will be, in accordance with its terms, liquidated in full at maturity, that is eligible for collateral for borrowing from a Federal Reserve bank, and that is accepted by a bank organized and existing under the laws of the United States or any state the short-term obligations of which (or of a bank holding company of which the bank is the largest subsidiary) are rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency. The Sports Corp only allows this investment as part of a local government investment pool.
6. Public Funds Investment Pool with a weighted average maturity of 90 days or less whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. An investment pool shall invest funds in authorized investments permitted by the Public Funds Investment Act. The pool must enter into a contract approved (by resolution) by the Grand Prairie City Council to provide investment services to the City or by the Sports Corporation Board to provide services to the Sports Corp.

The pool must be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service. The pool must provide monthly reports that contain:

- the types and percentage breakdown of securities in which the pool is invested;
 - the current average dollar-weighted maturity, based on the stated maturity date, of the pool;
 - the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;
 - the book value versus the market value of the pool's portfolio, using amortized cost valuation;
 - the size of the pool;
 - the number of participants in the pool;
 - the custodian bank that is safekeeping the assets of the pool;
 - a listing of daily transaction activity of the entity participating in the pool;
 - the yield and expense ratio of the pool, including a statement regarding how yield is calculated;
 - the portfolio managers of the pool; and
 - any changes or addenda to the offering circular.
- a. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool that uses amortize cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations if the federal Securities and Exchange Commission applicable to reporting by money market funds.
- b. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed;
1. equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or
 2. of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.
- c. To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service.
7. An SEC-registered, no-load money market mutual fund approved (by resolution) by the City Council with a dollar-weighted average portfolio maturity of 90 days or less whose investment objectives include seeking to maintain a stable net asset value of \$1 per share. By state law the City is not authorized to invest in the aggregate more than 80 percent of its monthly average fund balance, excluding bond proceeds, in money market mutual funds described in this subsection or to invest its funds or funds under its control, excluding bond proceeds, in any one money market mutual fund in an amount that exceeds 10 percent of the total assets of the money market mutual fund.
8. Collateralized or insured certificates of deposit and other evidences of deposit at federally insured banks, fully guaranteed or insured by the FDIC (Federal Deposit Insurance Corporation) in the State of Texas.

B. Diversification

Investments shall be diversified to reduce the risk of loss resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities.

The asset mix of the City's portfolio is expressed in terms of maximum commitment so as to allow flexibility to take advantage of market conditions.

The asset mix requirements are as follows:

	<u>% Maximum</u>
1. U.S. Treasury Bills and Notes	100
2. U.S. Agency or Instrumentality Obligations (each type)	25 *
3. Repurchase Agreements	20
4. Municipal Securities (total)	40
5. Municipal Securities (out-of-state)	20
6. Certificates of Deposit (per institution)	20
7. Money Market Mutual Fund	50 **
8. Public Funds Investment Pool	50

* Total Agency investments limited to no more than 100% of the total portfolio.

** Limited by State law to 80% of monthly average fund balance, excluding bond proceeds.

C. Qualifying Institutions

Financial institutions (Federally insured banks) with and through which the City invests in certificates of deposit shall be located in the State of Texas. Broker/dealers through whom the City purchases U.S. Government securities may include only those dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York, also known as the "primary government securities dealers" and First Southwest Company except that repurchase agreements shall not be executed through First Southwest Company. In addition, other regional brokers/dealers may be considered by the Investment Committee.

D. Collateral Securities for Certificates of Deposit and Demand Accounts

The City will accept as collateral for its certificates of deposit and demand accounts and other evidences of deposit the following securities:

- FDIC Coverage
- U.S. Treasury Bills
- U.S. Treasury Notes and Bonds
- State, city, county, school, or road district general obligation or revenue bonds*, except that out-of-state bonds shall be limited to general obligation bonds
- City of Grand Prairie revenue bonds or general obligation bonds, time warrants, and certificates of obligation
- U.S. Government Agency and Instrumentality obligations (except for mortgage pass-through securities).

*The securities must be rated at least "A" by one of the nationally recognized rating services. Collateral consisting of out-of-state bonds shall be limited to 10% of the total collateral pledged by a financial institution.

The securities shall be marked-to-market no less frequently than monthly, and the ratio of collateral market value to amount invested plus accrued interest shall be no less than 105%.

TABLE 14 - CURRENT INVESTMENTS

As of March 31, 2019, the City's investable funds were invested in the following categories:

<u>Type of Investment</u>	<u>Percentage</u>	<u>Total Cost</u>
Local Government Pools and Money Market Funds	35.70%	\$ 130,200,107
Federal Agency and Instrumentality Notes	64.30%	234,518,442
		<u>\$ 364,718,549</u>

TAX MATTERS

TAX EXEMPTION. . . Each delivery of the Obligations is subject to the opinion of Bond Counsel on such date of delivery to the effect that interest on such Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The forms of Bond Counsel’s opinions relating to the Obligations are reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in certificates dated the respective dates of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Ordinances subsequent to the issuance of the Obligations. The Ordinances contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel’s opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel’s opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the “taxpayer,” and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to holders of the Obligations of the exclusion of interest on the Obligations from gross income for federal income tax purposes, including prior to the delivery of the Bonds. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS. . . The initial public offering price of certain Obligations (the “Discount Obligations”) may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Bonds or Certificates, respectively, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income

tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Obligations (the "Premium Obligations") may be greater than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Bonds or Certificates, respectively, of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Obligations. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the registered and beneficial owners of each series of the Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS. . . . The City will provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 5 and 7 through 14 and (2) within twelve months after the end of each fiscal year ending in or after 2019, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS. . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrant or the change of name of a paying agent/registrant, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under “- Annual Reports” and any notices of events in accordance with this section.

For these purposes, (A) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and (B) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION. . . The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. However, certain CUSIPs were inadvertently omitted from certain continuing disclosure filings made by the City for Fiscal Years 2014 and 2015. The City corrected these clerical errors in 2016 and 2017.

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OTHER INFORMATION

RATINGS

The Obligations have been rated “AAA” with a stable outlook by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) and “AA+” with a positive outlook by Fitch Ratings, Inc. (“Fitch”) without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

City staff believes there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (V.T.C.A., Chapter 1201, Government Code, as amended) provides that the Obligations are negotiable instruments, investment securities governed by V.T.C.A., Chapter 8, Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, V.T.C.A., Government Code, Chapter 2256, as amended, requires that the Obligations be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – Ratings” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states. No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes.

LEGAL OPINIONS

The City will furnish to the Underwriters complete transcripts of proceedings had incident to the authorization and issuance of the Bonds and the Certificates, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and the Initial Certificate, respectively, to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the respective Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions “PLAN OF FINANCING – Refunded Obligations”, “THE OBLIGATIONS” (except for the information under the subcaptions “Book-Entry-Only System,” “Obligationholders’ Remedies” and the last sentence under “Tax Rate Limitations”), “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” (except for the information under the subcaption “Compliance with Prior Undertakings”), and the subcaptions “Registration and Qualification of Obligations for Sale,” “Legal Investments and Eligibility to Secure Public

Funds in Texas” and “Legal Opinions” (except for the last sentence of the first paragraph thereof) under the caption “OTHER INFORMATION” and Appendix C in the Official Statement and such firm is of the opinion that the information relating to the Obligations and the legal issues contained under such captions, subcaptions and appendix is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the provisions of the respective Ordinances. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The respective legal opinions will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain matters relating to the Obligations will be passed upon for the Underwriters by Locke Lord LLP, Dallas, Texas, Counsel to the Underwriters, whose fee is contingent upon the sale and delivery of the Obligations.

The legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the City, on or before the Settlement Date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) mathematical computations of yield.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, Public Finance Partners LLC has relied on any information provided to it by the City retained advisors, consultants or legal counsel.

FINANCIAL ADVISOR

HilltopSecurities is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING FOR THE OBLIGATIONS

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price of \$22,123,658.55, representing the par amount thereof, plus a premium of \$2,734,530.35, less an underwriting discount of \$85,871.80. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a price of \$40,058,518.17, representing the par amount thereof, plus a premium of \$5,332,064.00, less an underwriting discount of \$183,545.83. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates and such public offering prices may be changed, from time to time, by the Underwriters.

Stifel, Nicolaus & Company, Incorporated has previously made charitable contributions to PlayGrand Adventures (“PlayGrand”). PlayGrand is a nonprofit corporation organized and existing under the laws of the State. PlayGrand was established to fund certain projects of the Grand Central PlayGrand Adventures project in partnership with the City of Grand Prairie Parks, Arts and Recreations Department.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates

in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and Bonds and Certificates are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Each of the Ordinances authorizing the issuance of the Obligations has approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and has authorized its further use in the reoffering of the Obligations by the Underwriters.

/s/ RON JENSEN
Mayor
City of Grand Prairie, Texas

ATTEST:

/s/ CATHY DIMAGGIO
City Secretary
City of Grand Prairie, Texas

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

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SCHEDULE I
SCHEDULE OF REFUNDED OBLIGATIONS

Combination Tax and Revenue Certificates of Obligation, Series 2011A

Original Dated Date	Original Maturity Date	Interest Rates	Amount Refunded	Date and Price of Redemption
11/1/2011	2/15/2021	3.000%	\$ 365,000	2/15/2020 @ Par
	2/15/2022	3.000%	380,000	2/15/2020 @ Par
	2/15/2023	3.125%	390,000	2/15/2020 @ Par
	2/15/2024	3.300%	400,000	2/15/2020 @ Par
	2/15/2025	3.500%	415,000	2/15/2020 @ Par
	2/15/2026	3.600%	430,000	2/15/2020 @ Par
	2/15/2027	3.700%	445,000	2/15/2020 @ Par
	2/15/2028	3.800%	465,000	2/15/2020 @ Par
	2/15/2029	4.000%	485,000	2/15/2020 @ Par
	2/15/2030	4.000%	500,000	2/15/2020 @ Par
	2/15/2031	4.000%	525,000	2/15/2020 @ Par
			<u>\$ 4,800,000</u>	

General Obligation Refunding and Improvement Bonds, Series 2011A

Original Dated Date	Original Maturity Date	Interest Rates	Amount Refunded	Date and Price of Redemption
11/1/2011	2/15/2021	4.000%	\$ 2,665,000	2/15/2020 @ Par
	2/15/2022	4.000%	965,000	2/15/2020 @ Par
	2/15/2022	3.000%	1,815,000	2/15/2020 @ Par
	2/15/2023	4.000%	1,545,000	2/15/2020 @ Par
	2/15/2024	4.000%	1,610,000	2/15/2020 @ Par
	2/15/2025	3.500%	440,000	2/15/2020 @ Par
			<u>\$ 9,040,000</u>	

Combination Tax and Revenue Certificates of Obligation, Series 2011

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Date and Price of Redemption</u>
2/1/2011	2/15/2021	4.000%	\$ 290,000	2/15/2020 @ Par
	2/15/2022	5.000%	300,000	2/15/2020 @ Par
	2/15/2023	5.000%	315,000	2/15/2020 @ Par
	2/15/2024	5.000%	335,000	2/15/2020 @ Par
	2/15/2025	5.000%	350,000	2/15/2020 @ Par
	2/15/2026	5.000%	370,000	2/15/2020 @ Par
	2/15/2027	5.000%	385,000	2/15/2020 @ Par
	2/15/2028	5.000%	405,000	2/15/2020 @ Par
	2/15/2029	5.100%	425,000	2/15/2020 @ Par
	2/15/2030	5.200%	450,000	2/15/2020 @ Par
	2/15/2031	5.300%	475,000	2/15/2020 @ Par
			<u>\$ 4,100,000</u>	

General Obligation Refunding and Improvement Bonds, Series 2011

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Date and Price of Redemption</u>
2/1/2011	2/15/2021	4.125%	\$ 745,000	2/15/2020 @ Par
	2/15/2022	4.250%	775,000	2/15/2020 @ Par
	2/15/2023	4.250%	805,000	2/15/2020 @ Par
	2/15/2024	4.500%	205,000	2/15/2020 @ Par
	2/15/2025	4.625%	220,000	2/15/2020 @ Par
	2/15/2026	5.000%	225,000	2/15/2020 @ Par
	2/15/2027	5.000%	235,000	2/15/2020 @ Par
	2/15/2028	5.000%	250,000	2/15/2020 @ Par
	2/15/2029	5.100%	45,000	2/15/2020 @ Par
	2/15/2030	5.200%	50,000	2/15/2020 @ Par
	2/15/2031	5.300%	50,000	2/15/2020 @ Par
			<u>\$ 3,605,000</u>	

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION

The City of Grand Prairie, Texas (the “City”), is centrally located amid the estimated 6 million people in the Dallas/Fort Worth Area. The City stretches 28 miles long by about eight miles at its widest point. The City covers about 80 square miles.

TRANSPORTATION

The City has access to four major interstate highway systems - I-20, I-30, I-35 & I-45 - five state highway systems - SH 360, SH 180, SH 303, SH 161, Loop 12 and FM 1382 - and U.S. 287 all run through the City, or are within 15-30 minutes of the City’s boundaries.

- IH 20: an eight-lane east-west expressway that passes through south of the City, linking the City to Dallas and Fort Worth. West of Fort Worth, IH 20 leads to Abilene and Odessa. Eastward destinations on IH 20 are Tyler, Longview and Shreveport, La.
- IH 30: a six-lane east-west expressway that passes through north of the City and also links the City to Dallas and Fort Worth. IH 30 links to IH 20 in west Fort Worth. Eastward destinations on IH 30 are Greenville, Texarkana and Arkansas.
- SH 360: a six-lane north-south expressway running along the western edge of the city, a key route to Dallas-Fort Worth International Airport.
- President George Bush Turnpike: a four and six-lane north-south tollway runs 10.5 miles through Grand Prairie from the northern City limits to I-20.

The City’s Municipal Airport serves small piston planes to large business turboprop aircraft and helicopters. The airport has a 4,000-foot-long, 75-foot-wide lighted, concrete runway, repair service and cargo handling, a helipad, dining facilities, and support facilities for training, private aviation and business flying activities. The airport is designated in the FAA National Plan of Integrated Airport System and the Texas Aeronautical Facilities Plan. Hangar space is available for nearly 233 aircraft, with tie-down space and FBO services available.

The Dallas/Fort Worth International Airport, the 3rd largest airport in the world in terms of operations (8th in terms of passengers), lies about five miles north of the City’s northern border. It serves 57 million passengers and provides nonstop service to 191 domestic and international destinations (www.dfwairport.com).

POPULATION

The estimated population for 2019 is 194,000. From the 1990 Census to the 2010 Census, the City's population increased 38 percent.

DEMOGRAPHICS

2010 Census estimates of the City Non-Hispanic population breakdown were 29.1 percent white, 19.6 percent black, 6.5 percent Asian and Pacific Islander, 0.4 percent American Indian, 1.7 percent other; Hispanic of any race comprises 42.7% of the population.

Age distribution estimates of residents, according to the 2010 Census, are 64.7 percent ages 21 and older, 6.9 percent older than 65, and 30.9 percent younger than 18.

The 2010 median household income was estimated to be \$51,368 (*American Community Survey Census*).

INDUSTRIAL BASE

Wholesale trade (distribution), manufacturing and retail trade companies are the largest industrial sectors in the City.

INDUSTRY PROFILE

<u>Industry</u>	<u>Percent of Total gross sales</u>
Wholesale Trade	32.42%
Manufacturing	24.62%
Retail Trade	21.89%
Construction	9.12%
Accommodation/Food Services	2.30%
Admin/Support/Waste Mgmt/Remediation Services	2.03%
Other Services (except Public Administration)	1.97%
Real Estate/Rental/Leasing	1.18%
Transportation/Warehousing	0.91%
Professional/Scientific/Technical Services	0.90%
Arts/Entertainment/Recreation	0.70%
Information	0.68%
Agriculture/Forestry/Fishing/Hunting	0.48%
Finance/Insurance	0.25%
Educational Services	0.18%
Health Care/Social Assistance	0.13%

Source: Texas Comptroller. As of December 2018.

LABOR FORCE

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>
2015	94,169	90,307	3,862	4.1%
2016	96,139	92,244	3,895	4.1%
2017	98,782	95,044	3,738	3.8%
2018	100,962	97,210	3,752	3.7%
2019 ⁽¹⁾	103,160	99,612	3,548	3.4%

Source: Texas Employment Commission.

(1) Data as of June 2019.

EMPLOYERS

Company	Product-Service	Estimated Employees
Grand Prairie Independent School District	Administration of Education Programs	4,100
Lockheed Martin Missiles and Fire Control	Research and Development in the Physical, Engineering, and Life	3,500
Poly-America Inc.	Unsupported Plastics Film and Sheet (except Packaging)	2,000
City of Grand Prairie	Public Administration	1,300
Bell Helicopter-Textron	Helicopter aircraft manufacturing	1,200
Lone Star Park at Grand Prairie	Racetracks	950
Forterra Pipe & Products, Inc.	Concrete Pipe Manufacturing	950
Republic National Distributing	Wine and Distilled Alcoholic Beverage Wholesalers	800
Flex-N-Gate	Auto Accessory Manufacturing	800
Arnold Transportation Services	General Freight Trucking	650

Source: The City. As of July 2019

RECREATION

Recreational facilities include the 7,500-acre Joe Pool Lake, championship-level Tangle Ridge Golf Club, Lone Star Park at Grand Prairie and more than 52 public parks on 4,900 acres.

Parks and Recreation facilities include an extreme skate park, two multipurpose recreation centers, an active adult center, a senior center, indoor pool, three outdoor pools, five softball and baseball complexes, two golf courses, 32 tennis courts, a soccer complex, a central park and the recently acquired lake parks on Joe Pool Lake.

Ripley's Believe It Or Not, The Palace of Wax and Trader's Village in the City are popular entertainment and shopping locations. Nearby are Six Flags over Texas in Arlington and zoos, art museums, symphonies and ballet in Dallas and Fort Worth.

- One of three Class 1 horse-racing tracks in Texas, Lone Star Park at Grand Prairie opened for live races in April 1997. The track's simulcast pavilion opened in mid-1996.
- Professional Sports: the Dallas Cowboys of the National Football League, the Texas Rangers of Major League Baseball, the Dallas Mavericks of the National Basketball Association, the Dallas Stars of the National Hockey League, the FC Dallas of Major League Soccer and the Grand Prairie Air Hogs of the American Associate of Independent Baseball. All have home games within 5-25 minutes of the City.
- NCAA-event schools: Southern Methodist University and Texas Christian University in Dallas and Fort Worth.

Cedar Hill State Park, just east of south of the City, offers 355, mostly wooded campsites in the Dallas-Fort Worth hill country. Among park facilities are two lighted fishing jetties and boat access to Joe Pool Lake.

EDUCATION

Seven public universities and eight independent universities, including health related education facilities, in the region totaled enrollment of 139,860 in 2010 (source: Texas Higher Education Coordinating Board). The universities, among them University of Texas campuses (Arlington and Dallas), offer programs from engineering to business and degrees from bachelor's to medical doctorates.

The Dallas and Tarrant counties public community colleges - the nearest of them Mountain View in Dallas, North Lake in Irving, Cedar Valley in Lancaster, the Southeast campus of Tarrant County College in Arlington, and El Centro in Dallas - counted over 140,000 students in 2010 (source: Texas Higher Education Coordinating Board). Additionally, three technically oriented post-secondary schools are within 30 minutes of the City.

In addition to their degree programs, many of these colleges and universities offer business consulting, employee training specific to a company's skill demands, community health care services, economic and land development research, computer and information services and library facilities open to the community.

Grand Prairie Independent School District (the "GPISD") and the Arlington Independent School District (the "AISD") predominate among the six school districts with boundaries in the City.

GPISD comprises 24 elementary schools, seven middle schools, two ninth grade centers, four senior high schools, one alternative education school and one early childhood center. Students whose residences are on the Dallas County side of the City attend GPISD.

Students who reside in Tarrant County and Grand Prairie attend AISD, which comprises of nine high schools, 13 junior high schools, and 52 elementary schools (six in the City). AISD has no junior high schools or high schools in the City.

APPENDIX B

EXCERPTS FROM THE
CITY OF GRAND PRAIRIE, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2018

The information contained in this Appendix consists of excerpts from the City of Grand Prairie, Texas Annual Financial Report for the Year Ended September 30, 2018, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Grand Prairie, Texas (the City) as of and for the year ended September 30, 2018, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements for the Grand Prairie Housing Finance Corporation (a discretely presented component unit). Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grand Prairie Housing Finance Corporation is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Opinions

In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.C., in 2018 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension which supersedes GASB Statement No. 45. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budget to actual schedules for the General Fund and Section 8 Fund, Schedule of Changes in Postemployment Benefits-Retiree Health Plan, Schedule of Changes in Postemployment Benefits-Texas Municipal Retirement System, Schedule of Contributions-Texas Municipal Retirement System, and Schedule of Changes in Net Pension Liability and Related Ratios- Texas Municipal Retirement System listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

The combining and individual fund statements and schedules, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 14, 2019



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Management's Discussion and Analysis



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City of Grand Prairie, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2018
(Unaudited)

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Grand Prairie, Texas (the City) for the fiscal year ended September 30, 2018. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal, the introductory section of the City's financial statement, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2018 by \$616,178,581 (net position).
- The City's total net position increased \$16,246,175, for the fiscal year ended September 30, 2018, primarily due to increased property tax assessments and increased charge for services.
- At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$170,492,326. The \$30,344,160 unassigned fund balance in the General Fund represents 22.7% of total General Fund expenditures and transfers.
- The City's total long-term liabilities of \$559,842,968 decreased by \$20,246,332 (3.5%) during the current fiscal year. In fiscal year 2018, the City issued \$36,515,000 in Combination Tax and Revenue Certificates and \$2,755,000 in Water and Wastewater System Revenue Refunding Bonds. See Table 4 in this report for further information regarding the City's long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, including capital assets and long-term liabilities, and deferred inflows of resources. The differences between these items are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the city's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The Statement of Net Position and Statement of Activities divide the City's activities into two types:

Governmental Activities - Most of the City's basic services are reported here, including general government, public safety, planning, public works, transportation, housing, community development, cultural events, and library. Property taxes, sales taxes, and franchise fees provide the majority of financing for these activities.

Business-Type Activities - Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include a water and wastewater system, a solid waste sanitary landfill, a storm water utility system, municipal airport, and municipal golf courses.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Grand Prairie Sports Facilities Development Corporation, Inc. (the Sports Corporation) and the Grand Prairie Housing Finance Corporation (HFC) as component units. Both are legally, financially, and administratively autonomous separate corporations. HFC issues tax exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family developments, and engages in other affordable housing activities. The Sports Corporation oversees Lone Star Park at Grand Prairie, a horse track facility.

The Crime Control and Prevention District (CCPD) is a legally separate entity that is financially accountable to the City. A blended presentation has been used to report the financial information of this component unit.

Fund financial statements - The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2018

(Unaudited)

The City reports thirty individual governmental funds. Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures and Changes in Fund Balances for the City's six major funds - General Fund, Section 8 Fund, Streets CIP Fund, Grants Fund, Debt Service Fund, and the Epic CIP Fund. Data for other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds - The City maintains two different types of proprietary funds – enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities of the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater system, solid waste sanitary landfill, storm water utility, municipal airport, and municipal golf courses. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has five enterprise funds of which two are major enterprise funds – the Water Wastewater Fund and the Solid Waste Fund. Data from other nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle and equipment maintenance and the premiums, deductibles, and claims for all insurance programs (e.g. employee health, workers compensation, general liability, etc.). Because these services benefit both governmental and business-type functions, they have been allocated to both activities in the government-wide financial statements in proportion to services received. The City's two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the City's internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City at September 30, 2018 were \$1,229,437,691, deferred outflows of resources were \$16,447,989, total liabilities were \$612,600,117, and deferred inflows of resources were \$17,106,982 resulting in a net position balance of \$616,159,296.

The largest portion of the City's net position, \$440,029,808 (71.4%), reflects its investment in capital assets (land, buildings and improvements, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 below is a summary of the City's net position at year end compared to the prior year.

**Table 1
 Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017		9/30/2017		9/30/2017	
	As Restated	9/30/2018	As Restated	9/30/2018	As Restated	9/30/2018
Cash and investments	\$ 217,491,944	\$ 197,992,931	\$ 94,485,761	\$ 109,842,234	\$ 311,977,705	\$ 307,835,165
Other assets	20,928,321	21,559,545	8,877,980	9,942,867	29,806,301	31,502,412
Capital assets, net	615,207,846	656,874,694	232,935,130	233,225,420	848,142,976	890,100,114
Total assets	853,628,111	876,427,170	336,298,871	353,010,521	1,189,926,982	1,229,437,691
Deferred outflows of resources	30,091,673	14,636,899	3,650,570	1,811,090	33,742,243	16,447,989
Current liabilities	31,462,465	36,806,297	12,215,936	15,950,852	43,678,401	52,757,149
Long-term bonded debt	347,946,293	361,651,245	62,131,416	59,814,562	410,077,709	421,465,807
Other noncurrent liabilities	147,941,733	119,396,393	22,056,976	18,980,768	169,998,709	138,377,161
Total liabilities	527,350,491	517,853,935	96,404,328	94,746,182	623,754,819	612,600,117
Deferred inflows of resources	-	15,467,402	-	1,639,580	-	17,106,982
Net Position						
Net Investment in capital assets	278,750,450	266,214,537	174,505,410	173,815,271	453,255,860	440,029,808
Restricted	80,454,171	81,030,788	34,704,441	45,622,261	115,158,612	126,653,049
Unrestricted	(2,835,328)	10,497,407	34,335,262	38,998,317	31,499,934	49,495,724
Total net position	\$ 356,369,293	\$ 357,742,732	\$ 243,545,113	\$ 258,435,849	\$ 599,914,406	\$ 616,178,581

A portion of the City's net position totaling \$126,653,049, or 20.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$49,495,724 may be used to meet the government's ongoing obligations to citizen's and creditors.

The City's net position increased by \$16,264,175 from the prior fiscal year due to an increase in charges for services. While overall operating revenues and expenditures increased proportionately, overall water and wastewater rates increased 4.5%.

City of Grand Prairie, Texas
Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The fiscal year 2018 compared to fiscal 2017 changes in the City's net position were as follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018
	As Restated		As Restated		As Restated	
Revenues:						
Program revenues:						
Charges for services	\$ 50,349,054	\$ 49,663,004	\$ 96,324,864	\$ 102,321,210	\$ 146,673,918	\$ 151,984,214
Operating grants and contributor	35,572,942	35,266,428	47,918	67,537	35,620,860	35,333,965
Capital grants and contributions	8,305,146	3,971,782	12,892,511	11,983,724	21,197,657	15,955,506
General revenues:						
Property tax	84,925,774	94,648,690	-	-	84,925,774	94,648,690
Sales tax	60,585,824	64,250,717	-	-	60,585,824	64,250,717
Other tax	2,015,917	2,208,298	-	-	2,015,917	2,208,298
Franchise fees	9,996,934	14,485,521	-	-	9,996,934	14,485,521
Investment income	2,425,419	3,506,788	21,245	43,661	2,446,664	3,550,449
Total revenues	254,177,010	268,001,228	109,286,538	114,416,132	363,463,548	382,417,360
Expenses:						
Support services	26,731,588	27,614,430	-	-	26,731,588	27,614,430
Public safety services	100,253,923	101,033,502	-	-	100,253,923	101,033,502
Recreation and leisure services	32,962,890	34,529,152	-	-	32,962,890	34,529,152
Development services	90,088,069	97,241,362	-	-	90,088,069	97,241,362
Interest on long-term debt	12,108,299	12,481,762	-	-	12,108,299	12,481,762
Water and wastewater	-	-	70,569,705	72,412,983	70,569,705	72,412,983
Solid waste	-	-	12,317,620	12,339,638	12,317,620	12,339,638
Municipal airport	-	-	2,572,623	2,744,301	2,572,623	2,744,301
Municipal golf course	-	-	3,497,955	3,309,267	3,497,955	3,309,267
Storm water	-	-	2,425,177	2,446,788	2,425,177	2,446,788
Total expenses	262,144,769	272,900,208	91,383,080	93,252,977	353,527,849	366,153,185
Increases (decreases) in net position						
before transfers	(7,967,759)	(4,898,980)	17,903,458	21,163,155	9,935,699	16,264,175
Transfers	5,271,645	6,272,419	(5,271,645)	(6,272,419)	-	-
Capital asset reassignments	-	-	-	-	-	-
Change in net position	(2,696,114)	1,373,439	12,631,813	14,890,736	9,935,699	16,264,175
Net position - October 1	408,103,549	356,369,293	237,002,884	243,545,113	645,106,433	599,914,406
Net position - September 30	405,407,435	357,742,732	249,634,697	258,435,849	655,042,132	616,178,581
Cumulative effect of change in accounting principle	(49,038,142)	-	(6,089,584)	-	(55,127,726)	-
Net position - September 30 -restated	\$ 356,369,293	\$ 357,742,732	\$ 243,545,113	\$ 258,435,849	\$ 599,914,406	\$ 616,178,581

Governmental activities - Governmental activities increased the City's net position by \$1,373,439 in comparison with beginning net position, primarily due to an overall increase in property tax assessments, when compared to fiscal year 2017. Net position of governmental operations accounts for 60.6% of total net position.

Business-type activities - Business-type activities increased the City's net position by \$14,890,736 in comparison with beginning net position. Total revenue for the business-type activities increased from the previous year by \$5,129,594 due to an increase in charges for services. Net position for business-type activities represents 41.9% of total primary government net position.

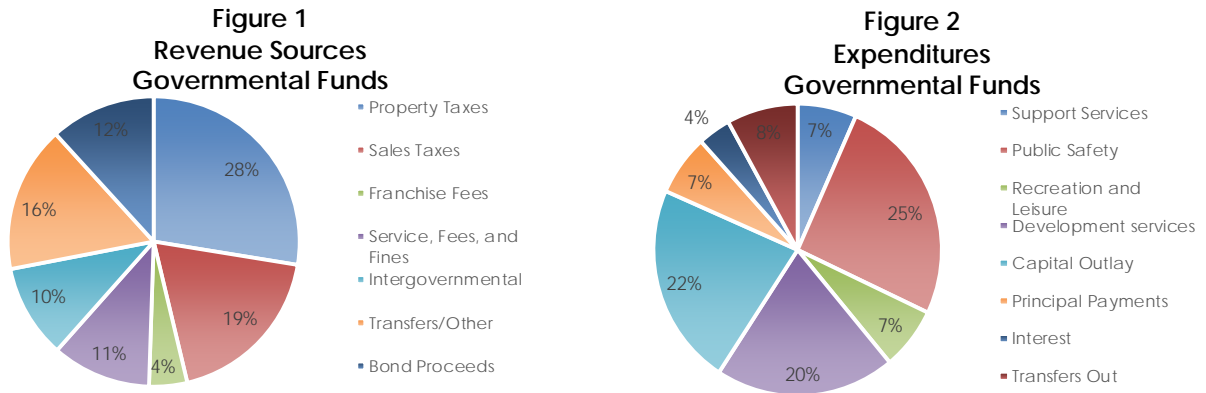
City of Grand Prairie, Texas

Management’s Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Governmental funds - The focus of City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At fiscal year-end 2018, the City’s governmental funds (excluding internal service funds) reported combined ending fund balances of \$170,492,326, a decrease of \$29,154,291 in comparison with the prior year. The unassigned fund balance portion is 17.4% and is available for spending at the government’s discretion. The remainder is restricted for specific purposes and is not available for new spending. Specific purposes include non-spendable inventories and prepaid items (\$79,015); amounts restricted by statutes, bond covenants or granting agencies (\$84,925,272) either for debt service payments, grant-related use, special taxing districts, or for capital projects. In addition, committed funds (\$52,841,228) require formal action by City Council. Finally, funds may be assigned (\$2,931,849) by City Manager with the City Council’s delegated authority. Figures 1 and 2 that follow show the distribution of governmental funds’ sources of revenues and expenditures, \$266,209,582 and \$342,662,367, respectively, for fiscal year 2018.



The General Fund is the chief operating fund of the City. At fiscal year-end, unassigned fund balance of the General Fund was \$30,344,160, while total fund balance was \$33,745,051. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24.6% of total general fund operating expenditures, while total fund balance represents 27.3% of that same amount. General Fund’s fund balance increased in the amount of \$2,398,346 from the prior fiscal year.

Other major funds with significant changes in fund balance include Streets CIP, Debt Service and Epic CIP. The Streets CIP Fund decreased by \$6,805,619 due to an overall increase in activity including street maintenance and construction. Increased activity was funded from bond proceeds issued for this purpose.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The Debt Service Fund decreased by \$3,218,380 due to payment toward principal and interest retirement for Crime Control and Prevention District.

The Epic CIP Fund decreased by \$18,428,123 due to continued construction and capital outlay for EPIC project.

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the City's enterprise funds and internal service funds were \$256,335,404 and \$14,299,735, respectively, at September 30, 2018. The enterprise funds' net investment in capital assets represented 67.8% of total enterprise fund's net position. The internal service funds' net investment in capital assets represented 11.3% of total internal service funds' net position. The enterprise funds' unrestricted net position was 14.4% of their total net position, and internal service funds' unrestricted net position was 88.7% of their total funds' net position. The City's enterprise funds and the internal service funds reported income before contributions and transfers of \$8,389,902 and \$5,449,130, respectively. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the government-wide financial statements and business-type activities. The following Figures 3 and 4 show the proprietary funds' revenues of \$102,388,747 and expenses of \$91,540,977 (excluding non-operating revenues and expenses, and contributions and transfers) by activity.

Figure 3
Revenues by Activity
Proprietary Funds

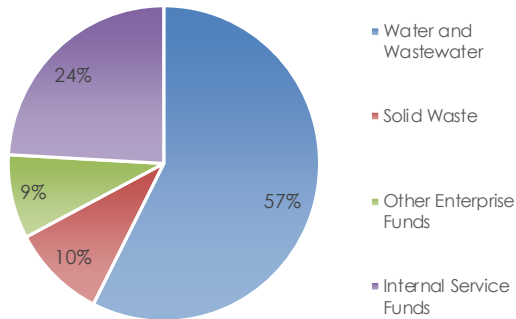
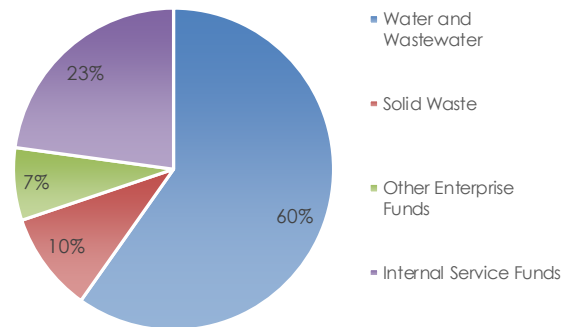


Figure 4
Expenses by Activity
Proprietary Funds



City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

General Fund Budgetary Highlights

Actual General Fund revenues were \$3,492,094, or 2.7%, higher than final budgeted revenues for fiscal year 2018. Property taxes, sales taxes, hotel/motel taxes, and franchise fees were 81.1% of General Fund budgeted revenues. Actual General Fund expenditures were \$394,353, or 0.3%, lower than final budgeted expenditures for fiscal year 2018. Budgeted excess of revenues over expenditures before other financing sources and uses was \$7,614,657 compared to actual of \$11,501,104, resulting in a net positive budget variance of \$3,886,997. The City traditionally budgets revenue conservatively and this practice frequently results in positive budgetary variances.

Net change in fund balances of the General Fund, including other financing sources and uses such as transfers, resulted in a net positive budget variance of \$4,289,152.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at fiscal year-end amounted to \$890,100,114. This investment includes land, buildings, improvements other than buildings (includes infrastructure), machinery and equipment, and construction in progress. The City's capital assets increased from prior year by \$41,957,138.

Major capital projects occurring during the fiscal year included the following:

- Continued construction of Grand Central Park's Epic Center
- Construction of two relocated fire stations: Fire Stations #4 and #3
- Continued construction of frontage roads along Interstates 30 and 20
- Continued expansion of Warmack Library
- Continued storm utility projects on Great Southwest Parkway
- Continued expansion of several city facilities including Service Center and City Hall
- Continued installation of large water meters, pump stations and water main replacements

The City's capital assets, net of accumulated depreciation, at fiscal year-end was as follows:

**Table 3
 Capital Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Land	\$ 45,603,692	\$ 46,573,694	\$ 4,476,296	\$ 4,717,011	\$ 50,079,988	\$ 51,290,705
Construction in progress	132,532,699	163,246,220	33,801,497	24,493,829	166,334,196	187,740,049
Depreciable capital assets	881,710,595	929,414,228	436,099,617	461,444,005	1,317,810,212	1,390,858,233
Accumulated depreciation	(444,639,140)	(482,359,448)	(241,442,280)	(257,429,425)	(686,081,420)	(739,788,873)
Total capital assets, net	\$ 615,207,846	\$ 656,874,694	\$ 232,935,130	\$ 233,225,420	\$ 848,142,976	\$ 890,100,114

Additional information regarding capital assets can be found on page 55 in Note 2.D.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2018
 (Unaudited)

Long-term debt - At September 30, 2018, the City had the following long-term liabilities:

**Table 4
 Long-Term Debt**

	Governmental Activities		Business-type Activities		Total Primary Government	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	9/30/2017	9/30/2018
	As Restated		As Restated		As Restated	
Bonded debt	\$ 347,946,293	\$ 361,651,245	\$ 62,131,416	\$ 59,814,562	\$ 410,077,709	\$ 421,465,807
Compensated absences	17,345,505	18,085,656	487,664	463,394	17,833,169	18,549,050
Other post employment benefits	56,350,253	53,746,401	5,971,887	5,697,240	62,322,140	59,443,641
Net pension liability	72,615,231	46,045,042	8,132,502	4,880,877	80,747,733	50,925,919
Pollution liability	182,709	58,375	-	-	182,709	58,375
Closure and post closure liability	-	-	7,464,921	7,939,257	7,464,921	7,939,257
Other liabilities	1,460,919	1,460,919	-	-	1,460,919	1,460,919
Total long-term debt	\$ 495,900,910	\$ 481,047,638	\$ 84,188,390	\$ 78,795,330	\$ 580,089,300	\$ 559,842,968
Long-term debt to net position percentage	139%	134%	35%	30%	97%	91%

Of the total bonded debt, \$361,651,245, or 85.8%, is backed by the full faith and credit of the City with a property tax pledge.

During this fiscal year, the City issued \$39,270,000 in new bonded debt, and retired principal on outstanding bonded debt totaling \$30,585,893. The City's total interest expense for all bonded debt was \$15,988,028.

Additional information is detailed in the Note 2.H to the Basic Financial Statements, pages 60 - 73.

The City's bond ratings by Fitch and Standard & Poor's are currently as follows:

	<u>Fitch</u>	<u>Standard & Poor's</u>
General obligation bonds	AA+	AAA
Sales tax revenue bonds (taxable)	AA	A
Sales tax revenue bonds (tax-exempt)	AA+	AA-
Water and wastewater revenue bonds	AAA	AAA

Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget including tax rates and fees that will be charged for business-type activities. One of the biggest factors continued to be the national economy. Building and development growth rates continue to increase overall; and indicate healthy activities in the residential sector and commercial type permitting. Although the City is largely built out and mature, there are still several areas available, mainly in the south sector with higher end residential areas along Joe Pool Lake. In addition, there is a leveling of multi-family developments, but a major increase in retail construction, in large part due to toll road 161 with IKEA's presence.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2018
(Unaudited)

The City population as of September 2018 was 189,400 which is a 1.27% increase over prior year. Grand Prairie's population continues to increase annually with even more growth expected as a result of continued development and mobility through the City. New and improved roadways among I20, I30, and SH161 continue to make additional demands on the City for increased services. Our diverse economy, the overall DFW metroplex economy and major transportation access all serve to create a synergy.

The following indicators were taken into account when adopting the budget for fiscal year 2019:

- 9.12% increase in assessed property values;
- A 2.3% increase in budgeted sales tax collections as compared to prior fiscal year collections. There was no change in the City's sales tax rate.
- The City's very strong financial position, favorable bond ratings, and continued low interest rates.

These indicators resulted in an increase in budgeted property tax revenues of \$4,658,157 for the General Fund and \$3,768,430 for the General obligation Debt Service Fund. The City maintained the same property tax rate of \$0.669998 per \$100 valuation for fiscal year 2019.

Budgeted sales tax revenues across all funds were increased by \$875,542, or 1.4% over prior fiscal year collections with no change in the sales tax rate.

Overall, the City expects a steady increase in other general revenues of governmental activities due to continued population growth and further developments.

The City's total approved operating appropriations for fiscal year 2019 is \$382,991,946, an increase of \$24,942,208, or 7%, as compared to prior fiscal year projected expenditures. General Fund approved appropriations for fiscal year 2019 is \$138,695,486, an increase of \$6,502,951, or 5%, over fiscal year 2018. Personnel services attributes to 75% of the total operating budget. This increase follows suit with additional staffing (full-time and part-time) to support public safety, a 3% merit increase and an increase in healthcare costs. Other changes in total budgeted operating appropriations include increases of \$3,583,447 in the Water/Wastewater Fund, and \$796,208 in the Epic Operating Fund. In addition, the City adopted a 20-year retirement program in TMRS.

Fiscal year 2019 budgeted appropriations for the General Obligation Debt Service Fund increased by \$1,779,310, or 6%, over fiscal year 2018 due to Cemetery, Airport, Parks Venue and next debt issue.

The City's approved appropriations for capital projects in fiscal year 2019 totals \$91,999,563. Planned capital projects include:

- \$17,688,648 in street and signal projects
- \$14,603,000 in water and wastewater requests
- \$45,510,640 in municipal facilities and infrastructure projects
- \$5,514,145 in storm drainage projects
- \$3,770,317 in fire equipment and stations' relocations
- \$7,100,000 in EPIC Central projects

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2018

(Unaudited)

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller, City of Grand Prairie, Texas, 326 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.



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Basic Financial Statements



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City of Grand Prairie, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Grand Prairie Sports Facilities Development	Grand Prairie Housing Finance Corporation
	Governmental Activities	Business-Type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 49,349,454	\$ 13,503,610	\$ 62,853,064	\$ 2,060,019	\$ 708,108
Investments	39,643,824	80,115,401	119,759,225	9,410,852	-
Receivables, net	20,350,910	7,210,884	27,561,794	939,999	-
Intergovernmental receivables	2,694,539	19,285	2,713,824	-	-
Inventories and supplies	131,776	586,198	717,974	-	-
Prepays	462,765	46,055	508,820	2,605	24,189
Restricted assets:					
Cash and cash equivalents	3,775,501	6,348,418	10,123,919	-	1,391,682
Investments	105,224,152	9,874,805	115,098,957	-	-
Internal balances	(2,080,445)	2,080,445	-	-	-
Lease payments receivable	-	-	-	10,674,754	-
Estimated unguaranteed residual value	-	-	-	32,801,531	-
Capital assets:					
Nondepreciable	209,819,914	29,210,840	239,030,754	-	1,612,851
Depreciable, net	447,054,780	204,014,580	651,069,360	-	11,557,291
Total assets	876,427,170	353,010,521	1,229,437,691	55,889,760	15,294,121
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refundings	2,631,194	538,458	3,169,652	-	-
Related to OPEB	243,965	25,862	269,827	-	-
Related to TMRS pension	11,761,740	1,246,770	13,008,510	-	-
Total deferred outflows of resources	14,636,899	1,811,090	16,447,989	-	-
LIABILITIES					
Accounts payable	14,651,353	9,025,487	23,676,840	167	146,535
Retainage payable	5,819,277	134,045	5,953,322	-	-
Accrued liabilities	11,311,023	799,937	12,110,960	-	286,181
Unearned revenue	2,876,608	1,052,044	3,928,652	-	-
Current liabilities payable from restricted assets:					
Accrued interest	2,111,036	362,985	2,474,021	-	-
Customer deposits	37,000	4,576,354	4,613,354	-	85,883
Unearned revenue	-	-	-	-	-
Noncurrent liabilities:					
Due within one year:					
Compensated absences	8,292,305	373,856	8,666,161	-	-
Environmental remediation obligation	58,375	-	58,375	-	-
Other liabilities	160,776	-	160,776	-	-
Current portion of long-term debt	31,085,000	5,420,129	36,505,129	-	293,011
Due in more than one year:					
Compensated absences	9,793,351	89,538	9,882,889	-	-
Other postemployment benefits	53,746,401	5,697,240	59,443,641	-	-
Closure and postclosure liability	-	7,939,257	7,939,257	-	-
Net pension liability	46,045,042	4,880,877	50,925,919	-	-
Other liabilities	1,300,143	-	1,300,143	-	-
Long-term debt	330,566,245	54,394,433	384,960,678	-	15,209,105
Total liabilities	517,853,935	94,746,182	612,600,117	167	16,020,715
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	3,899,795	413,387	4,313,182	-	-
Related to TMRS pension	11,567,607	1,226,193	12,793,800	-	-
Total deferred outflows of resources	15,467,402	1,639,580	17,106,982	-	-
NET POSITION					
Net investment in capital assets	266,214,537	173,815,271	440,029,808	-	(1,148,187)
Restricted for:					
Debt service	3,886,771	7,292,951	11,179,722	-	-
Capital projects	23,435,298	38,329,310	61,764,608	-	-
Support Services	13,062,784	-	13,062,784	-	-
Public safety	19,749,801	-	19,749,801	-	-
Recreation and leisure	10,526,452	-	10,526,452	-	-
Development services	9,961,907	-	9,961,907	-	-
Other specific purposes	407,775	-	407,775	-	-
Facility lease	-	-	-	44,352,297	-
Unrestricted	10,497,407	38,998,317	49,495,724	11,537,296	421,593
Total net position	\$ 357,742,732	\$ 258,435,849	\$ 616,178,581	\$ 55,889,593	\$ (726,594)

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Activities
For the Year Ended September 30, 2018

Functions/Activity	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Support services	\$ 27,614,430	\$ 5,539,941	\$ 263,022	\$ -
Public safety services	101,033,502	17,180,107	3,794,382	-
Recreation and leisure services	34,529,152	13,029,253	863,703	-
Development services and other	97,241,362	13,913,703	30,345,321	3,971,782
Interest on long-term debt	12,481,762	-	-	-
Total governmental activities	272,900,208	49,663,004	35,266,428	3,971,782
Business-type activities:				
Water and wastewater	72,412,983	77,556,058	-	9,908,148
Solid waste	12,339,638	13,208,778	-	-
Municipal airport	2,744,301	2,238,508	67,537	-
Municipal golf course	3,309,267	2,453,543	-	-
Storm water	2,446,788	6,864,323	-	2,075,576
Total business-type activities	93,252,977	102,321,210	67,537	11,983,724
Total primary government	\$ 366,153,185	\$ 151,984,214	\$ 35,333,965	\$ 15,955,506
Component units:				
Grand Prairie Sports Facilities Development	\$ 3,957,555	\$ 1,203,476	\$ -	\$ 312,362
Grand Prairie Housing Finance Corporation	6,019,850	6,088,248	-	-
Total component units	\$ 9,977,405	\$ 7,291,724	\$ -	\$ 312,362
General revenues:				
Taxes				
Property taxes				
Sales taxes				
Hotel/motel and other taxes				
Franchise fees (and those based on gross receipts)				
Investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Cumulative effect of change in accounting principle				
Net position - beginning-restated				
Net position - end of year				

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position Primary Government			Grand Prairie Sports Facilities Development	Grand Prairie Housing Finance Corporation
Governmental Activities	Business-Type Activities	Total		
\$ (21,811,467)	\$ -	\$ (21,811,467)	\$ -	\$ -
(80,059,013)	-	(80,059,013)	-	-
(20,636,196)	-	(20,636,196)	-	-
(49,010,556)	-	(49,010,556)	-	-
(12,481,762)	-	(12,481,762)	-	-
(183,998,994)	-	(183,998,994)	-	-
-	15,051,223	15,051,223	-	-
-	869,140	869,140	-	-
-	(438,256)	(438,256)	-	-
-	(855,724)	(855,724)	-	-
-	6,493,111	6,493,111	-	-
-	21,119,494	21,119,494	-	-
(183,998,994)	21,119,494	(162,879,500)	-	-
			(2,441,717)	-
			-	68,398
			(2,441,717)	68,398
94,648,690	-	94,648,690	-	-
64,250,717	-	64,250,717	-	-
2,208,298	-	2,208,298	-	-
14,485,521	-	14,485,521	-	-
3,506,788	43,661	3,550,449	136,651	3,302
6,272,419	(6,272,419)	-	-	-
185,372,433	(6,228,758)	179,143,675	136,651	3,302
1,373,439	14,890,736	16,264,175	(2,305,066)	71,700
405,407,435	249,634,697	655,042,132	58,194,659	(798,294)
(49,038,142)	(6,089,584)	(55,127,726)	-	-
356,369,293	243,545,113	599,914,406	58,194,659	(798,294)
\$ 357,742,732	\$ 258,435,849	\$ 616,178,581	\$ 55,889,593	\$ (726,594)

City of Grand Prairie, Texas
 Balance Sheet
 Governmental Funds
 September 30, 2018

	General	Section 8	Streets CIP
ASSETS			
Cash and cash equivalents	\$ 7,896,978	\$ 432,058	\$ 2,232,460
Investments	22,643,824	533,109	25,360,381
Property tax receivable, net	1,253,588	-	-
Sales tax receivable	5,691,264	-	-
Franchise fees receivable	2,595,603	-	-
Other receivables, net	2,386,892	-	-
Intergovernmental receivables	1,657,840	-	-
Due from other funds	1,500,000	-	-
Inventory	-	-	-
Prepays	2,743	-	-
	<hr/>	<hr/>	<hr/>
Total assets	45,628,732	965,167	27,592,841
LIABILITIES			
Accounts payable	3,831,520	55,294	1,771,005
Retainage payable	-	-	524,769
Accrued liabilities	5,542,848	85,980	-
Due to other funds	-	-	-
Customer deposits	-	-	-
Unearned revenue	682,237	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	10,056,605	141,274	2,295,774
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,827,076	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	1,827,076	-	-
FUND BALANCES			
Nonspendable	2,743	-	-
Restricted	466,299	823,893	8,511,522
Committed	-	-	16,785,545
Assigned	2,931,849	-	-
Unassigned	30,344,160	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	33,745,051	823,893	25,297,067
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 45,628,732	\$ 965,167	\$ 27,592,841

The Notes to the Basic Financial Statements are an integral part of this statement.

Grants	Debt Service	Epic CIP	Nonmajor Governmental Funds	Total Governmental Funds
\$ 470,586	\$ 973,441	\$ 10,609,956	\$ 28,842,756	\$ 51,458,235
-	4,500,000	-	74,830,662	127,867,976
-	513,273	-	-	1,766,861
-	-	-	5,674,914	11,366,178
-	-	-	67,086	2,662,689
41,577	11,093	-	2,115,620	4,555,182
1,036,699	-	-	-	2,694,539
-	-	-	3,493,636	4,993,636
-	-	-	60,333	60,333
-	-	-	15,939	18,682
1,548,862	5,997,807	10,609,956	115,100,946	207,444,311
302,803	-	889,911	6,853,821	13,704,354
-	-	4,316,278	978,230	5,819,277
85,010	-	-	1,518,205	7,232,043
1,500,000	-	3,402,683	90,953	4,993,636
-	-	-	37,000	37,000
290,247	-	-	1,904,124	2,876,608
2,178,060	-	8,608,872	11,382,333	34,662,918
-	461,991	-	-	2,289,067
-	461,991	-	-	2,289,067
-	-	-	76,272	79,015
-	5,535,816	2,001,084	67,586,658	84,925,272
-	-	-	36,055,683	52,841,228
-	-	-	-	2,931,849
(629,198)	-	-	-	29,714,962
(629,198)	5,535,816	2,001,084	103,718,613	170,492,326
\$ 1,548,862	\$ 5,997,807	\$ 10,609,956	\$ 115,100,946	\$ 207,444,311

City of Grand Prairie, Texas
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2018

Total fund balance - total governmental funds		\$ 170,492,326
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds (excluding internal service funds' capital assets of \$1,617,301).		655,257,393
Certain revenues are not available to pay for current-period expenditures; therefore, these revenues are deferred in the funds.		2,289,067
Certain assets and liabilities do not provide or require the use of current financial resources; therefore, these assets and liabilities are not reported in the governmental funds.		
Accrued interest on long-term debt	(2,111,036)	
Unamortized loss of bond refundings	2,631,194	
Deferred pension and OPEB contributions, and investment and actuarial experience (excluding internal service fund totals of \$47,393).	<u>(3,414,304)</u>	(2,894,146)
Internal service funds are used by management to charge cost of certain activities, such as employee health insurance, risk management insurance, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position (net of amount allocated to business-type activities of \$2,201,418).		12,219,290
Noncurrent liabilities are not due and payable in the current period; therefore, they are not reported in the governmental fund balance sheet. These noncurrent liabilities are as follows:		
Long-term debt	(340,950,000)	
Unamortized bond premium/discount, net	(20,701,245)	
Compensated absences (excluding internal service fund totals of \$60,250)	(18,025,406)	
Other post employment benefits (excluding internal service fund totals of \$735,813)	(53,010,588)	
Net pension liability (excluding internal service fund totals of \$630,377)	(45,414,665)	
Environmental remediation obligation	(58,375)	
Other liabilities	<u>(1,460,919)</u>	<u>(479,621,198)</u>
Net position of governmental activities		\$ <u>357,742,732</u>

The Notes to the Basic Financial Statements are an integral part of this statement.



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City of Grand Prairie, Texas
Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

	<u>General</u>	<u>Section 8</u>	<u>Streets CIP</u>
REVENUES			
Property taxes	\$ 61,122,847	\$ -	\$ -
Sales taxes	31,532,937	-	-
Other taxes	292,966	-	-
Franchise fees	14,485,521	-	-
Charges for goods and services	5,847,113	5,779,637	23,242
Licenses and permits	3,000,527	218,421	-
Fines and forfeitures	7,337,547	-	-
Intergovernmental	2,335,924	27,786,641	-
General and administrative	4,712,539	-	-
Rents and royalties	875	-	-
Investment income	3,213,375	-	-
Contributions	176,042	-	-
Other	854,500	39,476	617,081
	<u>134,912,713</u>	<u>33,824,175</u>	<u>640,323</u>
EXPENDITURES			
Current operations:			
Support services	22,333,632	-	-
Public safety services	84,283,161	-	-
Recreation and leisure services	2,760,622	-	-
Development services and other	12,944,045	34,784,590	6,221,308
Capital outlay	1,086,949	-	12,867,399
Debt service:			
Principal retirement	-	-	-
Interest and other charges	3,200	-	99,186
	<u>123,411,609</u>	<u>34,784,590</u>	<u>19,187,893</u>
Excess (deficiency) of revenues over (under) expenditures	11,501,104	(960,415)	(18,547,570)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	33,812	1,480,000
Transfers out	(10,106,151)	(50,000)	(2,662,296)
Bonds issued	-	-	11,731,193
Premium on bonds issued	-	-	1,193,054
Proceeds from sale of capital assets	1,003,393	15,813	-
	<u>(9,102,758)</u>	<u>(375)</u>	<u>11,741,951</u>
Net change in fund balances	2,398,346	(960,790)	(6,805,619)
Fund balances - beginning of year	31,346,705	1,784,683	32,102,686
Fund balances - end of year	<u>\$ 33,745,051</u>	<u>\$ 823,893</u>	<u>\$ 25,297,067</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Grants	Debt Service	Epic CIP	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 25,802,801	\$ -	\$ 7,741,648	\$ 94,667,296
-	-	-	32,717,780	64,250,717
-	-	-	1,915,332	2,208,298
-	-	-	-	14,485,521
54,343	-	-	13,132,839	24,837,174
-	-	-	210,493	3,429,441
-	-	-	4,004,791	11,342,338
5,263,274	-	-	454,534	35,840,373
-	-	-	-	4,712,539
-	-	-	4,383,279	4,384,154
5,786	-	281,327	6,300	3,506,788
167,688	-	-	803,553	1,147,283
-	-	117,145	355,868	1,984,070
5,491,091	25,802,801	398,472	65,726,417	266,795,992
-	-	-	2,328,652	24,662,284
1,799,099	-	-	8,650,325	94,732,585
201,880	-	1,121,029	22,252,892	26,336,423
2,555,061	-	-	18,812,969	75,317,973
3,123,791	-	21,405,566	44,936,781	83,420,486
-	19,970,000	-	5,035,000	25,005,000
-	8,877,065	-	4,794,575	13,774,026
7,679,831	28,847,065	22,526,595	106,811,194	343,248,777
(2,188,740)	(3,044,264)	(22,128,123)	(41,084,777)	(76,452,785)
4,037,110	50,000	3,700,000	26,529,392	35,830,314
(1,531,226)	(224,116)	-	(15,208,912)	(29,782,701)
-	-	-	24,783,807	36,515,000
-	-	-	2,520,496	3,713,550
1,350	-	-	1,775	1,022,331
2,507,234	(174,116)	3,700,000	38,626,558	47,298,494
318,494	(3,218,380)	(18,428,123)	(2,458,219)	(29,154,291)
(947,692)	8,754,196	20,429,207	106,176,832	199,646,617
\$ (629,198)	\$ 5,535,816	\$ 2,001,084	\$ 103,718,613	\$ 170,492,326

City of Grand Prairie, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds		\$ (29,154,291)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
This is the amount of capital assets recorded in the current period.		83,420,486
Depreciation on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds (except for internal service fund depreciation of \$135,147).		(42,252,812)
Governmental funds do not report capital contributions.		1,536,808
The net effect of various transactions involving capital assets (i.e., disposals, sales, and reassignments) are not reported in the governmental funds.		(883,543)
The issuance of long-term debt (i.e., bonds) provides current financial resources to the governmental funds, while repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bonds issued	(36,515,000)	
Bond principal retirement	25,005,000	
Bond premium issued	(3,713,550)	
Amortization of bond premiums/discounts	1,518,598	
Amortization of loss on refundings	(264,781)	(13,969,733)
Some expense accruals reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest	38,447	
Compensated absences	(728,670)	
Pollution remediation obligation	124,334	
Postemployment benefit obligation	2,555,497	
Pension liability	26,169,917	
Deferred pension and OPEB contributions, and investment and actuarial experience	(30,224,019)	
Other liabilities	(81,089)	(2,145,583)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(134,350)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net operating loss of the internal service funds is reported with governmental activities (net of the amount allocated to business-type activities of \$104,424).		
		4,956,457
Change in net position of governmental activities		\$ 1,373,439

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,296,096	\$ 3,259,134	\$ (51,620)	\$ 13,503,610	\$ 1,666,720
Investments	62,618,432	13,624,536	3,872,433	80,115,401	17,000,000
Accounts receivable, net	5,855,367	648,496	707,021	7,210,884	-
Intergovernmental receivable	-	-	19,285	19,285	-
Inventories and supplies	514,213	-	71,985	586,198	71,443
Prepays	-	-	46,055	46,055	444,083
Restricted assets:					
Cash and cash equivalents	6,348,418	-	-	6,348,418	-
Investments	9,801,419	-	73,386	9,874,805	-
Total current assets	95,433,945	17,532,166	4,738,545	117,704,656	19,182,246
Noncurrent assets:					
Capital assets:					
Land	2,208,926	1,748,378	759,707	4,717,011	737,566
Buildings	2,848,430	1,905,218	15,137,593	19,891,241	1,477,875
Equipment	25,670,655	9,949,230	2,329,746	37,949,631	2,198,866
Infrastructure	355,110,305	10,613,146	37,879,682	403,603,133	-
Construction in progress	22,374,315	2,085,267	34,247	24,493,829	227,700
Less: accumulated depreciation	(219,509,383)	(11,621,534)	(26,298,508)	(257,429,425)	(3,024,706)
Total noncurrent assets	188,703,248	14,679,705	29,842,467	233,225,420	1,617,301
Total assets	284,137,193	32,211,871	34,581,012	350,930,076	20,799,547
DEFERRED OUTFLOWS OF RESOURCES					
Debt refundings	538,458	-	-	538,458	-
Related to OPEB	15,530	5,283	5,049	25,862	3,339
Related to TMRS pension	748,716	254,684	243,370	1,246,770	161,024
Total deferred outflows of resources	1,302,704	259,967	248,419	1,811,090	164,363
LIABILITIES					
Current liabilities:					
Accounts payable	8,115,728	489,973	419,786	9,025,487	946,999
Retainage payable	134,045	-	-	134,045	-
Accrued interest	347,905	8,774	6,306	362,985	-
Accrued liabilities	472,808	219,594	107,535	799,937	4,078,980
Compensated absences	232,538	56,148	85,170	373,856	60,250
Unearned revenue	905,606	-	146,438	1,052,044	-
Current portion of long-term debt	4,940,000	330,129	150,000	5,420,129	-
Current liabilities payable from restricted assets:					
Customer deposits	4,502,968	-	73,386	4,576,354	-
Total current liabilities	19,651,598	1,104,618	988,621	21,744,837	5,086,229
Noncurrent liabilities:					
Compensated absences	55,693	13,447	20,398	89,538	-
Other postemployment benefits	3,421,332	1,163,804	1,112,104	5,697,240	735,813
Closure and postclosure liability	-	7,939,257	-	7,939,257	-
Net pension liability	2,931,087	997,042	952,748	4,880,877	630,377
Long-term debt	53,509,433	-	885,000	54,394,433	-
Total noncurrent liabilities	59,917,545	10,113,550	2,970,250	73,001,345	1,366,190
Total liabilities	79,569,143	11,218,168	3,958,871	94,746,182	6,452,419
DEFERRED INFLOWS OF RESOURCES					
Related to OPEB	248,249	84,445	80,693	413,387	53,390
Related to TMRS pension	736,359	250,481	239,353	1,226,193	158,366
Total deferred inflows of resources	984,608	334,926	320,046	1,639,580	211,756
NET POSITION					
Net investment in capital assets	130,658,228	14,349,576	28,807,467	173,815,271	1,617,301
Restricted for:					
Debt service	7,292,951	-	-	7,292,951	-
Capital projects	38,329,310	-	-	38,329,310	-
Unrestricted	28,605,657	6,569,168	1,743,047	36,917,872	12,682,434
Total net position	\$ 204,886,146	\$ 20,918,744	\$ 30,550,514	\$ 256,355,404	\$ 14,299,735
Reconciliation to government-wide Statement of Net Position:					
Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds				2,080,445	
Net position of business-type activities				\$ 258,435,849	

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Revenues, Expenses,
And Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
OPERATING REVENUES					
Water sales	\$ 44,893,468	\$ -	\$ -	\$ 44,893,468	\$ -
Wastewater services	28,328,868	-	-	28,328,868	-
Water and wastewater fees	2,743,483	-	-	2,743,483	-
Wastewater surcharges	846,222	-	-	846,222	-
Solid waste fees	-	13,094,301	-	13,094,301	-
Charges for services	-	-	10,626,085	10,626,085	5,983,290
Intergovernmental revenue	-	-	67,537	67,537	-
Insurance premiums	-	-	-	-	26,506,330
Miscellaneous	744,017	114,477	930,289	1,788,783	41,541
Total operating revenue	77,556,058	13,208,778	11,623,911	102,388,747	32,531,161
OPERATING EXPENSES					
Salaries and benefits	8,072,319	2,676,545	2,700,670	13,449,534	1,901,861
Supplies and miscellaneous purchases	1,202,427	547,366	1,366,201	3,115,994	2,594,067
Purchased services	6,236,044	5,701,457	1,760,996	13,698,497	1,128,243
Insurance costs	-	-	-	-	20,908,318
Water purchases	16,917,148	-	-	16,917,148	-
Wastewater treatment	15,644,623	-	-	15,644,623	-
General and administrative costs	3,895,242	341,938	144,552	4,381,732	-
Franchise fees	2,927,443	364,438	275,062	3,566,943	-
Miscellaneous	1,552,920	817,255	674,016	3,044,191	426,958
Depreciation	14,512,955	1,482,530	1,726,830	17,722,315	135,147
Total operating expenses	70,961,121	11,931,529	8,648,327	91,540,977	27,094,594
Operating income	6,594,937	1,277,249	2,975,584	10,847,770	5,436,567
NONOPERATING REVENUES (EXPENSES)					
Investment income	43,661	-	-	43,661	-
Gain (loss) on property disposition	117,576	(473,453)	68,350	(287,527)	12,563
Interest expense	(2,140,109)	(20,863)	(53,030)	(2,214,002)	-
Total nonoperating revenues (expenses)	(1,978,872)	(494,316)	15,320	(2,457,868)	12,563
Income (loss) before contributions and transfers	4,616,065	782,933	2,990,904	8,389,902	5,449,130
CONTRIBUTIONS AND TRANSFERS					
Capital contributions-impact fees	2,573,638	-	-	2,573,638	-
Capital contributions	7,406,560	-	2,075,576	9,482,136	-
Transfers in	143,008	-	654,116	797,124	300,000
Transfers out	(1,386,922)	(307,621)	(5,375,000)	(7,069,543)	(75,194)
Total contributions and transfers	8,736,284	(307,621)	(2,645,308)	5,783,355	224,806
Change in net position	13,352,349	475,312	345,596	14,173,257	5,673,936
Net position - beginning of year	195,118,591	21,662,839	31,370,154	248,151,584	9,396,767
Cumulative effect of change in accounting principle	(3,584,794)	(1,219,407)	(1,165,236)	(5,969,437)	(770,968)
Net position - beginning of year (restated)	191,533,797	20,443,432	30,204,918	242,182,147	8,625,799
Net position - end of year	\$ 204,886,146	\$ 20,918,744	\$ 30,550,514	\$ 256,355,404	\$ 14,299,735
Reconciliation to government-wide Statement of Activities:					
Total change in net position				\$ 14,173,257	
Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds				717,479	
Change in net position of business-type activities				<u>\$ 14,890,736</u>	

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Wastewater	Solid Waste	Other Nonmajor		Activities Internal Service Funds
Cash flows from operating activities:					
Cash receipts from customers	\$ 76,977,582	\$ 13,077,606	\$ 10,503,459	\$ 100,558,647	\$ -
Cash receipts from city and employee contributions	-	-	-	-	26,506,330
Cash receipts from interfund services provided	-	-	-	-	5,983,290
Cash receipts from other governments	-	-	96,170	96,170	-
Other operating cash receipts	744,017	114,477	930,289	1,788,783	41,541
Cash payments to suppliers for goods and services	(40,916,336)	(5,965,045)	(3,583,714)	(50,465,095)	(3,438,673)
Cash payments to employees for services	(8,117,462)	(2,776,624)	(2,693,419)	(13,587,505)	(1,747,199)
Cash payments for interfund services used	-	-	(275,062)	(275,062)	(20,908,318)
Other operating cash payments	(4,480,363)	(1,181,693)	(144,552)	(5,806,608)	-
Net cash provided by (used in) operating activities	24,207,438	3,268,721	4,833,171	32,309,330	6,436,971
Cash flows from noncapital financing activities:					
Transfers from other funds	143,008	-	654,116	797,124	300,000
Transfers to other funds	(1,386,922)	(307,621)	(5,375,000)	(7,069,543)	(75,194)
Contributions to other governments	-	-	-	-	-
Net cash (used in) provided by noncapital financing activities	(1,243,914)	(307,621)	(4,720,884)	(6,272,419)	224,806
Cash flows from capital and related financing activities:					
Proceeds from issuance of bonds	2,755,000	-	-	2,755,000	-
Capital impact fees from developers	2,573,638	-	-	2,573,638	-
Proceeds from disposition of capital assets	69,794	15,734	11,752	97,280	12,563
Acquisition and construction of capital assets	(4,592,125)	(3,338,390)	(761,321)	(8,691,836)	(62,145)
Principal paid on debt	(4,810,000)	(625,893)	(145,000)	(5,580,893)	-
Interest paid on debt	(1,702,265)	(28,587)	(53,891)	(1,784,743)	-
Bond issuance costs	(92,545)	-	-	(92,545)	-
Net cash used in capital and related financing activities	(5,798,503)	(3,977,136)	(948,460)	(10,724,099)	(49,582)
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	-	-	-	-	-
Purchase of investment securities	(16,800,000)	-	-	(16,800,000)	(7,000,000)
Interest received on investments	43,661	-	-	43,661	-
Net cash (used in) provided by investing activities	(16,756,339)	-	-	(16,756,339)	(7,000,000)
Net (decrease) increase in cash and equivalents	408,682	(1,016,036)	(836,173)	(1,443,527)	(387,805)
Cash and cash equivalents - beginning of year	16,235,832	4,275,170	784,553	21,295,555	2,054,525
Cash and cash equivalents - end of year	\$ 16,644,514	\$ 3,259,134	\$ (51,620)	\$ 19,852,028	\$ 1,666,720
Reconciliation of operating income (loss) from operations to net cash from operating activities:					
Operating income (loss)	\$ 6,594,937	\$ 1,277,249	\$ 2,975,584	\$ 10,847,770	\$ 5,436,567
Adjustments to operating income (loss) to net cash from operating activities:					
Depreciation	14,512,955	1,482,530	1,726,830	17,722,315	135,147
Provisions for uncollectible accounts	(146,209)	(56,139)	(12,069)	(214,417)	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(57,088)	39,444	(114,338)	(131,982)	-
(Increase) decrease in intergovernmental receivable	-	-	-	-	-
(Increase) decrease in due from other governments	-	-	28,633	28,633	-
(Increase) decrease in inventories and supplies	(8,484)	-	11,134	2,650	49,710
(Increase) decrease in prepaids	-	-	(32,292)	(32,292)	-
Increase (decrease) in accounts payable	3,354,279	96,066	235,345	3,685,690	660,885
Increase (decrease) in retainage payable	(366,786)	-	-	(366,786)	-
Increase (decrease) in accrued liabilities	139	529,650	14,254	544,043	145,548
Increase (decrease) in customer deposits	368,838	-	3,781	372,619	-
Increase (decrease) in unearned revenue	-	-	(10,942)	(10,942)	-
Increase (decrease) in compensated absences	(12,970)	(17,469)	6,169	(24,270)	11,481
Increase (decrease) in OPEB liability	69,257	23,559	22,512	115,328	14,896
Increase (decrease) in pension liability	(101,430)	(106,169)	(21,430)	(229,029)	(17,263)
Net cash provided by (used in) operating activities	\$ 24,207,438	\$ 3,268,721	\$ 4,833,171	\$ 32,309,330	\$ 6,436,971
Noncash investing, capital and financing activities:					
Capital contributions from developers/granting agencies	\$ 7,406,560	\$ -	\$ 2,075,576	\$ 9,482,136	\$ -
Reconciliation of ending cash and cash equivalents to Statement of Net Position:					
Unrestricted cash and cash equivalents - end of year	\$ 10,296,096	\$ 3,259,134	\$ (51,620)	\$ 13,503,610	\$ 1,666,720
Restricted cash and cash equivalents - end of year	6,348,418	-	-	6,348,418	-
Total cash and cash equivalents - end of year	\$ 16,644,514	\$ 3,259,134	\$ (51,620)	\$ 19,852,028	\$ 1,666,720

The Notes to the Basic Financial Statements are an integral part of this statement.



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Notes to the Basic Financial Statements



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City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Note 1. Summary of Significant Accounting Policies

A. Introduction

The City of Grand Prairie (City) is one of the Mid-Cities in the Dallas-Fort Worth Metroplex, 12 miles west of downtown Dallas, 18 miles east of downtown Fort Worth and six miles south of DFW International Airport. The City was incorporated in 1909, and adopted the Council-Manager form of government in 1948.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accounts as published in Audits of State and Local Governments.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate entities as component units within the City's reporting entity are set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Based on this criterion, the City reports the following component units as part of the financial reporting entity:

Blended Component Units

Grand Prairie Crime Control and Prevention District

The City of Grand Prairie Crime Control and Prevention District (CCPD) was created in May 2007 under the provisions of the Crime Control and Prevention Act and authority of Chapter 363, Texas Local Government Code, as amended (Act) by Resolution No. 2007-02 of the Grand Prairie City Council. The purpose of the CCPD is to provide crime control and crime prevention strategies, specific treatment and prevention programs, and court and prosecution services including the cost of personnel, administration, expansion, enhancement, and capital expenditures, and any other programs as authorized by Chapter 363.

Under the authority of the Act, the voters of Grand Prairie approved a proposition to levy and collect an additional quarter-cent sales and use tax for the purpose of funding the CCPD which became effective October 1, 2007. In 2012, citizens voted to continue/renew the quarter-cent sales and use tax for this same purpose.

The CCPD's governing body is substantively the same as the governing body of the City as the seven members of the CCPD's Board of Directors are all City council members. The City has operational responsibility for the CCPD, and the CCPD provides all of its services to the City. If the District is dissolved, its assets will become the City's property. For these reasons, the CCPD is reported as a blended component unit of the City and is reported as a special revenue fund within the City's governmental activities. This special revenue fund was established specifically to account for the accumulation and use of the quarter-cent sales tax revenue collected for the CCPD.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Discretely Presented Component Units

Grand Prairie Sports Facilities Development Corporation

The Sports Corporation was incorporated on June 10, 1992, under the provisions of the Development Corporation Act of 1979, as amended, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (Act) by Resolution No. 2841 of the Grand Prairie City Council. The purpose of the Sports Corporation is to promote economic development within the City in order to reduce unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects authorized under the Act.

The Act provides that the City may levy a one-half cent sales and use tax for the benefit of the Sports Corporation if the tax is authorized by a majority of the qualified voters in an election. On January 18, 1992, a majority of the voters approved a proposition to levy and collect an additional one-half cent sales and use tax for the purpose of constructing a horse racetrack. The one-half cent sales and use tax increase became effective April 1, 1993 to cover the costs of the project or the principal, interest and other costs relating to any bonds or obligations issued to pay the costs of the project or to refund bonds or obligations issued to pay the costs of the project. All bonds were redeemed on September 15, 2007. The sales tax was discontinued on September 30, 2007.

The City continues to receive significant financial benefits from the Sports Corporation as excess earnings of the Sports Corporation are paid to the City; and, if dissolved, all assets of the Sports Corporation become the City's property. Although the Sports Corporation is a legally separate entity, the City has the ability to impose its will upon the Sports Corporation as its Board of Directors are all appointed by the City Council, and four of the seven-member board are actual City Council members. For this reason, the Sports Corporation is presented as part of the City's reporting entity as a discretely presented component unit. Discretely presented component units are presented in a separate column alongside the City's financial information.

Grand Prairie Housing Finance Corporation

The Grand Prairie Housing Finance Corporation (HFC) was created to issue tax-exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family development. While the entity is legally, financially and administratively autonomous, the governing body of the City of Grand Prairie may, at its sole discretion, and at any time, amend HFC's Articles of Incorporation, and alter or change its structure, programs or activities, or terminate or dissolve it. Additionally, members of the Board of Directors are appointed by and may be removed by the City Council. However, the City is not financially obligated for any debt of the HFC. For these reasons, the HFC is presented as part of the City's reporting entity as a discretely presented component unit.

The HFC's financial information, for its calendar year ended December 31, 2017, is included in the City's financial statements in a separate column alongside the City's. Separate audited financial statements may be obtained by writing Grand Prairie Housing Finance Corporation, Attn: Executive Director, P. O. Box 532758, Grand Prairie, Texas 75053-2758.

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2018

Related Autonomous Entities

Grand Prairie Health Facilities Development Authority

The Grand Prairie Health Facilities Development Authority (HFDA) was created to issue tax-exempt revenue bonds to finance medical facilities. While the HFDA's revenue bonds were defeased, the HFDA continues to exist only to make decisions from time to time regarding the defeased bonds. The City exercises no control over the HFDA or its budget.

Grand Prairie Industrial Development Authority

The Grand Prairie Industrial Development Authority (GPIDA) was created to issue tax-exempt industrial revenue bonds to assist in the City's economic development and to evaluate tax abatement applications. The City exercises no control over the GPIDA's management, budget or operations.

C. Implementation of New Accounting Standards

For fiscal year ended September 30, 2018, the City implemented the following new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

With this implementation, the City's financial statements were restated to reflect the beginning OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense and contributions made between the start of the measurement period and the City's prior fiscal year. The restatement to beginning net position is noted below and reflected on the statements:

	Government-Wide		Fund Level	
	Statement of		Statement of Revenues, Expenses	
	Activities		and Changes in Net Position –	
			Proprietary Funds	
	Governmental	Business-Type	Business-Type	Governmental
	Activities	Activities	Enterprise	Internal Service
			Funds	Funds
Net position - beginning of year	\$ 405,407,435	\$ 249,634,697	\$ 248,151,584	\$ 9,396,767
Change in reporting for OPEB	(49,038,142)	(6,089,584)	(5,969,437)	(770,968)
Net position - beginning of year (restated)	\$ 356,369,293	\$ 243,545,113	\$ 242,182,147	\$ 8,625,799

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for periods beginning after December 15, 2016, and pertains to a type of a giving agreement used by donors to provide resources to two or more beneficiaries, including governments. The adoption of Statement No. 81 has no impact on the City's financial statements.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

GASB Statement No. 82, *Pension Issues – an amendment of GASB statements No. 67, No. 68, and No. 73*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB Statement No. 85, *Omnibus 2017*, is effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of Statement No. 86 has no impact on the City's financial statements.

C. Basis of Presentation

Government-Wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all activities of the City, including component units. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities which generally rely on fees and charges for support. Significant revenues generated from business-type activities include charges to customers for water and wastewater services, golf course fees, airport user charges, solid waste collection services, and storm water utility fees. As a general rule, the internal activity between governmental activities and business-type activities is eliminated from the government-wide financial statements except that charges for administrative overhead services provided by the governmental activities to the business-type activities are included as revenues to the governmental activities and expenses to the business-type activities.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

The Statement of Activities reports the change in the City's net position from October 1, 2017 to September 30, 2018. This statement demonstrates the degree to which the direct expenses of a given function of the government are offset by program revenues. Specifically, the City has identified the following functions of government – support services, public safety services, recreation and leisure services, development services, water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. *Direct expenses* are those that are clearly identifiable with a specific function of City government. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as *general revenues* in the statement of activities.

Fund Financial Statements

In addition to the government-wide financial statements, the City also reports separate financial statements for major functions or activities of the government. These financial statements are organized on the basis of funds with governmental resources allocated to and accounted for based upon the purposes for which they are spent and the means by which spending activities are controlled. Separate statements are presented for governmental activities and proprietary activities.

Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures/expenses, and fund balances. The fund financial statements present each major fund as a separate column, while all nonmajor funds are aggregated and presented in a single column. Major funds are calculated using specific methods outlined in GASB Statement No. 34, or City management may also deem funds as major for presentation purposes.

At September 30, 2018, major governmental funds include the following:

General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from the General Fund.

Section 8 Fund

This special revenue fund accounts for grant and contract revenue received from the federal government for providing housing assistance to low income families and for the administration of the program.

Street CIP Fund

This capital project fund accounts for the construction and renovation of thoroughfares and arterial streets and roads financed through general obligation bond proceeds and other dedicated sources.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Grants Fund

This special revenue fund accounts for the various federal, state and local grant revenue received by the City. All grants included in this fund are for specific projects with limited duration.

Debt Service Fund

The City's Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Epic CIP Fund

This capital project fund accounts for the proceeds from sales tax revenue bonds, current lending/borrowing arrangements, and other dedicated sources to be used in the construction of The Epic.

At September 30, 2018, major enterprise funds include the following:

Water/Wastewater Fund

This fund accounts for water and wastewater system services provided for residents of the City, including administration, operations, maintenance, debt service, billing and collection. The City purchased treated water from surrounding cities, and water is pumped from City-owned wells. Although the City owns the wastewater collection system, it has no treatment facilities. Wastewater treatment is provided by the Trinity River Authority. Contracts relating to purchased water and wastewater treatment are discussed in Note 2M. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Solid Waste Fund

This fund accounts for the City's landfill, garbage/recycling collection service, brush and litter collection, street sweeping, illegal dumping cleanup, Keep Grand Prairie Beautiful, and auto-related business programs, as well as a number of special purpose transfers related to reserves for landfill closure, post-closure costs and environmental remediation. All costs are financed through charges to sanitation customers.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements and the fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position, and the operating statement presents increases (revenues) and decreases (expenses) in the net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when both *measurable* and *available*. *Measurable* means knowing, or being capable of calculating or estimating the amount to be received. *Available* means collectible within the current period or soon enough thereafter to pay current liabilities (generally sixty days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period when the related fund liability is incurred, except for general obligation bond principal and interest and expenditures related to compensated absences, which are recorded when due rather than when incurred.

Major revenue sources susceptible to accrual in the governmental funds include property taxes, sales taxes, franchise fees, charges for services, and intergovernmental revenues. Revenue is accrued when it is deemed available except for intergovernmental revenues.

Grant revenues are recognized not just when available, but when the qualifying expenditures have been incurred, and all other grant requirements have been met.

The City also reports *unavailable* and *unearned* revenues in its governmental funds. *Unavailable* revenues arise when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. *Unearned* revenues arise when the City receives revenue resources before it has legal claim to it, as when grant money is received prior to the incidence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resource, the revenue is recognized.

Proprietary Funds

As mentioned earlier, proprietary funds use the economic resources measurement focus and the accrual basis of accounting. The accounting objectives for proprietary funds are the determination of net income, financial position, and cash flows. Proprietary fund equity is segregated into (1) net investment in capital assets; (2) restricted net position, and (3) unrestricted net position. Proprietary funds distinguish operating revenues and expenses from the non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports two types of proprietary funds – enterprise funds and internal services funds.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is 1) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or operating income generated is appropriate for the purposes of capital maintenance, public policy, management control, and/or accountability. The City maintains five enterprise funds – water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. These enterprise funds are classified as business-type activities in both the government-wide and governmental fund financial statements.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has two internal service funds:

- **Fleet Services Fund** – accounts for a full range of services in managing and maintaining the City's fleet of vehicles and equipment.
- **Risk Management Fund** – accounts for premiums, deductibles and claims for the City's property, liability, workers compensation, and employee health and life insurance programs. The City reports all risk financing activities in the Risk Management Fund.

D. Assets, Liabilities, Deferred Outflows/Inflows Resources, and Net Position/Fund Balances

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings are recorded in the General Fund unless it is required by regulations or agreements to allocate to certain funds. In fiscal year 2018, the funds receiving allocation of interest earnings were the Grants Fund, Epic CIP Fund, Police Seizure Funds and the Water/Wastewater Fund. For purposes of the statements of cash flows, the City considers cash on hand, demand deposits, and investments with original maturities of three months or less to be cash equivalents.

Receivables and Payables

Major revenue sources susceptible to accrual are recorded as receivables when they become both measurable and available. Expenditures incurred during the current fiscal year but not yet paid are recorded as payables at fiscal year-end.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as due to/from other funds.

Inventories and Prepaid Items

Inventory consists primarily of supplies and material and is recorded at cost when purchased and expensed when consumed. For the General Fund, inventory is expensed on an actual specific-cost basis. Special Revenue and Enterprise Funds' inventory is charged out on a first-in, first-out basis, except for fuel inventory which is charged out on a moving-average basis. Prepaid balances are for payment made by the City in the current year to provide services occurring in the subsequent fiscal year. The cost of prepaid items is expensed when consumed rather than when purchased.

Accordingly, for both inventories and prepaid items, fund balance is classified as nonspendable for an amount equal to the cost to signify those funds are not available for spending.

Capital Assets and Depreciation

Capital assets (i.e. land, buildings, equipment, improvements other than buildings, infrastructure, and construction in progress) of all the funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date donated. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method.

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2018

The estimated useful lives of all depreciable assets are as follows:

Buildings	20 - 40 years
Machinery and Equipment	5 - 15 years
Improvements other than Buildings	20 - 40 years
Infrastructure	20 - 40 years

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position by the City that is applicable to a future reporting period, and as so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources are reported in the government-wide Statement of Net Position for governmental and business-type activities and in the Statement of Net Position in the fund financial statements only for proprietary funds. The City has the following items that qualify for reporting in this category.

- **Deferred charges on debt refunding** – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Pension and OPEB Employer contributions** – contributions made from the measurement date of the plans to the current fiscal year end (January to September). These contributions are deferred and recognized in the subsequent fiscal year.
- **Pension and OPEB investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68 and 75.
- **Pension and OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.

Deferred inflows of resources represents an acquisition of net position that is applicable to a future reporting period, and as so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflow of resources are reported in the basic financial statements the same as deferred outflows of resources. The City has the following items that qualify for reporting in this category.

- **Unavailable revenue** – at the governmental fund level, property tax and ambulance receivables recorded but not expected to be collected within than sixty days after fiscal year end are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.
- **Pension and OPEB actuarial experience** – the difference between the expected and actual experience in the actuarial measurement of the total pension and OPEB liability not recognized in the current year. This amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension or OPEB through the plans (active and inactive employees) for the City determined at the beginning of the measurement date.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

- **OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.
- **Pension investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68.

Compensated Absences

Employees are granted vacation benefits in varying amounts, depending on tenure with the City. These benefits accumulate pro rata by pay period. Payment for unused vacation will be made at upon separation of employment. Fire and police civil service employees who have completed their introductory period are paid up to 90 days sick leave upon separation of employment, excluding indefinite suspensions. The valuation of the civil service sick leave is at current pay rates. The valuation of accrued compensated absences includes salary-related payments such as the City's share of taxes and contributions to the retirement plan in accordance with GASB 16.

Accrued compensated absence liabilities are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements. Compensated absences are only reported in governmental funds if they are owed to separated employees at the end of the fiscal year.

Pensions

For purposes of measuring net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the Fiduciary Net Position of TMRS, and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits

The City provides postemployment healthcare benefits to all vested employees upon retirement from the City. Employees are vested in the City's pension plan with twenty-five years or more of service, regardless of age, or five years or more of service at age sixty and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note K starting on page 78.

Long-Term Debt

General obligation bonds and other debt issued for general government capital projects and acquisitions that are repaid from tax revenues are recorded in the governmental activities column in the government-wide Statement of Net Position. Debt issued to fund capital projects in the proprietary funds is recorded in both the business-type activities column in the government-wide Statement of Net Position and in the proprietary fund Statement of Net Position. Bond premiums and discounts, as well as deferred charges on refunded debt obligations, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements and in the proprietary funds. Bonds payable are reported net of applicable bond premiums and discounts.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Nature and Purpose of Classifications of Fund Equity

Restricted fund balances in the governmental funds are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments for specific purposes.

Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balances. To remove or change the constraint, the City Council must take the same level of action.

Assigned fund balances are determined by City management based on City Council direction, in accordance with financial policies adopted by resolution. Assigned fund balances are constrained by the intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance represents the amount that does not meet the criteria for restricted, committed, or assigned.

Nonspendable fund balances represent inventories and prepaid items.

The City considers expenditures to be made from the most restrictive classification when more than one classification is available.

Minimum Fund Balance Policy

It is the desire of the City to maintain an adequate fund balance in the General Fund in order to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum unassigned fund balance of 50 to 60 days of budgeted General Fund expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Restricted net position represents the difference between restricted assets and liabilities payable from these assets that is externally imposed by enabling legislation.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus deferred outflows from bond refundings, reduced by retainage payable and the outstanding balance of any debt used for acquisition, construction, or improvements of those assets, plus any unspent bond proceeds.

E. Budgetary Control

As set forth by the City Charter, the City Manager submits annual budgets to the City Council in August for the upcoming fiscal year. In September, the City Council adopts budgets for all governmental funds except for the Grants Fund, Police Seizure Funds, Public Improvement District Funds (PIDs), Tax Increment Financing District Funds (TIFs), and the Verizon Theatre Fund. For each governmental fund, budgeted appropriations (expenditures) may not exceed budgeted revenues plus beginning fund balances.

Capital project funds are controlled on a project basis and budgeted appropriations are carried forward each year until the project is completed.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Note 2. Detailed Notes

A. Deposits and Investments

Cash and Cash Equivalents

At September 30, 2018, the City reported cash and cash equivalents in the Statement of Net Position as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 2,900,230	\$ 7,171,164	\$ 10,071,394
Pooled investments	<u>59,952,834</u>	<u>2,952,755</u>	<u>62,905,589</u>
Total cash and cash equivalents	<u>\$ 62,853,064</u>	<u>\$ 10,123,919</u>	<u>\$ 72,976,983</u>

Of this amount, the City’s cash carrying amount (book) and bank balances were as follows:

<u>Financial Institution</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Wells Fargo	\$ 10,045,422	\$ 14,219,954
Petty Cash	<u>25,972</u>	<u>-</u>
Total cash	<u>\$ 10,071,394</u>	<u>\$ 14,219,954</u>

Chapter 2257 Collateral for Public Funds of the Government Code requires that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. Per Wells Fargo Bank, N.A. and BNY Mellon’s contractual obligation to the City, the collateral value held at the Federal Reserve Bank in the City’s name at September 30, 2018 was \$10,268,232.

Grand Prairie Sports Facilities Development

At September 30, 2018, the carrying amount of the Sports Corporation’s deposits included in cash and cash equivalents was \$397,926 while the bank balance of the Sports Corporation’s deposits was \$398,106. The bank balance was entirely covered by collateral held by the Sports Corporation’s agent in the Sports Corporation’s name.

Grand Prairie Housing Finance Corporation

The bank balance of HFC at December 31, 2017, including restricted cash, totaled \$806,877 all of which was covered by FDIC insurance and collateral held by the depository institution in HFC’s name. HFC’s unrestricted cash and cash equivalents had a balance of \$708,108. Restricted cash of \$98,769 (tenant security deposits) represents cash held on deposit by HFC for insurance proceeds received for damages to federally funded assets. The liability is recorded until final disposition of the proceeds is requested by HUD. Other assets include reserves of \$109,126 and bonds held by a trustee of \$1,183,787 as a debt service reserve.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Investments

The City and the Sports Corporation categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted for identical assets or liabilities in active markets that a government can access at the measurement date.)
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

	September 30, 2018	Fair Value Measurements Using:			Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash	\$ 10,071,394	\$ -	\$ -	\$ -		
Investments measured at amortized cost:						
Investment Pools:						
Texpool	24,424,476	-	-	-	1	AAAm
Investments measured at net asset value (NAV):						
Investment Pools:						
TexStar	38,481,113	-	-	-	1	AAAm
Investments by fair value level:						
U.S. government agency securities:						
US Treasuries	4,936,892	-	4,936,892	-	3	AAA
FAMCA	39,485,540	-	39,485,540	-	676	Not Rated
FFCB	52,651,530	-	52,651,530	-	328	AAA
FHLB	56,578,540	-	56,578,540	-	368	AAA
FHLMC	34,634,660	-	34,634,660	\$ -	472	AAA
FNMA	46,571,020	-	46,571,020	-	447	AAA
Total	\$ 307,835,165	\$ -	\$ 234,858,182	\$ -		

The amounts for TexStar and TexPool (pooled investments) are reported as cash equivalents in the Statement of Net Position.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

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The *Texpool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of sixty days or less and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. *Texpool* has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The *TexStar* investment pool is an external investment pool measured at NAV. *TexStar's* strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. *TexStar* has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment Policy

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must be written, primarily to emphasize safety of principal and liquidity; address 1) investment diversification, yield, and maturity, and 2) the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and, the maximum allowable stated maturity of any individual investment owned by the entity.

The City Council has adopted investment policies (policies) which are in accordance with the laws of the State of Texas, where applicable. The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establish appropriate polices. Authorized investments include obligations of the United States or its agencies and instrumentalities (except for mortgage pass-through securities), repurchase agreements, municipal securities, public funds investment pools, SEC regulated money market mutual funds and collateralized or insured certificates of deposit. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

City Of Grand Prairie, Texas
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The investment policies require that repurchase agreements be made pursuant to a master agreement, the collateral is a U. S. Treasury bill, note or bond; the security is held in safekeeping by the City's custodial agent; and the investment is transacted "delivery vs. payment" so that the City's interest in the underlying security is perfected. The City does not invest in reverse repurchase agreements. No City monies were invested in repurchase agreements at September 30, 2018.

Investment Risk

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than twelve months.

Credit risk – State law limits investments in commercial paper if the commercial paper is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. The City's policy does not allow investments in commercial paper.

Concentration of credit risk – Investments shall be diversified to reduce the risk of loss resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities.

The asset mix of the City's portfolio is expressed in terms of maximum commitment so as to allow flexibility to take advantage of market conditions. The asset mix requirements are as follows:

	<u>% Maximum</u>
1. U.S. Treasury bills and notes	100
2. U.S. agency or instrumentality obligations (each type)	25 ^a
3. Repurchase agreements	20
4. Municipal securities (total)	40
5. Municipal securities (out-of-state)	20
6. Certificates of deposit (per institution)	20
7. Money market mutual fund	50 ^b
8. Public funds investment pool	50

^a Total agency investments limited to no more than 100% of the total portfolio.

^b State law allows up to 80% of monthly average fund balance, excluding bond proceeds. The City limits its exposure to 50% to reduce risk.

In addition, the City may invest in callable securities but shall limit the total amount to no more than 50% of the portfolio. The City did not invest in any securities different from the categories mentioned above during the 2017-2018 fiscal year.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Grand Prairie Sports Facilities Development

The Corp has recurring fair value measurements as presented in the table below. The Corp's investment balances and weighted average maturity of such investments are as follows:

	September 30, 2018	Fair Value Measurements Using			Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash	\$ 397,926	\$ -	\$ -	\$ -		
Investments measured at amortized cost:						
Investment Pools:						
Texpool	1,661,925	-	-	-	1	AAAm
Investments by fair value level:						
U.S. government agency securities:						
US Treasuries	987,482	-	987,482	-	484	Not Rated
FFCB	2,971,544	-	2,971,544	-	579	AAA
FHLB	1,996,566	-	1,996,566	-	54	AAA
FNMA	3,455,428	-	3,455,427	-	367	AAA
Total	\$ 11,470,871	\$ -	\$ 9,411,019	\$ -		

The Sports Corporation is authorized to invest in obligations of the U.S. or its agencies and instrumentalities, certain repurchase agreements, municipal securities with a rating of at least A, collateralized or insured certificates of deposit, and SEC-registered, no-load money market mutual funds comprised of securities allowed under the Public Funds Investments Act and public funds investment pools. At year-end, all investments of the Sports Corporation were held by the Sports Corporation's agent in the Sports Corporation's name. The fair value of investments owned at September 30, 2018 was \$1,661,925 in the Public Funds Investment Pool (TexPool) and \$9,410,852 in U.S. agency instrumentalities.

B. Receivables

At September 30, 2018, receivables, including applicable allowances for uncollectible accounts, consisted of the following:

Governmental Activities	General	Grants	Debt Service	Nonmajor Governmental	Total Governmental
Receivables:					
Property taxes	\$ 2,131,222	\$ -	\$ 855,199	\$ -	\$ 2,986,421
Sales taxes	5,691,264	-	-	6,541,361	12,232,625
Franchise fees	2,595,603	-	-	67,086	2,662,689
Other	2,485,983	41,577	11,093	1,249,173	3,787,826
Total receivables, gross	12,904,072	41,577	866,292	7,857,620	21,669,561
Less:					
Allowance for uncollectibles	(976,725)	-	(341,926)	-	(1,318,651)
Total receivables, net	\$ 11,927,347	\$ 41,577	\$ 524,366	\$ 7,857,620	\$ 20,350,910
Business-Type Activities:	Water Wastewater	Solid Waste	Other Nonmajor	Total Business-Type	
Receivables:					
Trade accounts	\$ 10,205,840	\$ 1,745,387	\$ 925,791	\$ 12,877,018	
Less:					
Allowance for uncollectibles	(4,350,473)	(1,096,891)	(218,770)	(5,666,134)	
Total receivables, net	\$ 5,855,367	\$ 648,496	\$ 707,021	\$ 7,210,884	

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

C. Restricted Assets

At September 30, 2018, restricted assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 3,775,501	\$ 6,348,418	\$ 10,123,919
Investments	105,224,152	9,874,805	115,098,957
	<u>\$ 108,999,653</u>	<u>\$ 16,223,223</u>	<u>\$ 125,222,876</u>

Assets were restricted for the following purposes:

Purpose	Governmental Activities	Business-Type Activities	Total
Customer deposits	\$ 37,000	\$ 4,576,354	\$ 4,613,354
Debt service	5,997,807	7,641,214	13,639,021
Capital projects	48,705,428	4,005,655	52,711,083
Support services	13,613,483	-	13,613,483
Public safety	19,749,801	-	19,749,801
Recreation and leisure	10,526,452	-	10,526,452
Development services	9,961,907	-	9,961,907
Other specific purposes	407,775	-	407,775
Total restricted assets	<u>\$ 108,999,653</u>	<u>\$ 16,223,223</u>	<u>\$ 125,222,876</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

Governmental Activities	Balance October 1, 2017	Additions	Transfers/ Disposals/ Reclassification	Balance September 30, 2018
Non-depreciable capital assets:				
Land	\$ 45,603,692	\$ 952,817	\$ 17,185	\$ 46,573,694
Construction in progress	132,532,699	67,938,601	(37,225,080)	163,246,220
Total non-depreciable capital assets	178,136,391	68,891,418	(37,207,895)	209,819,914
Depreciable capital assets:				
Buildings	200,369,592	2,594,412	5,869,282	208,833,286
Equipment	103,522,189	11,627,219	8,426,940	123,576,348
Infrastructure	577,818,814	1,839,249	17,346,531	597,004,594
Total depreciable capital assets	881,710,595	16,060,880	31,642,753	929,414,228
Less accumulated depreciation for:				
Buildings	(71,749,780)	(6,714,599)	63,455	(78,400,924)
Equipment	(63,943,074)	(11,036,105)	4,461,311	(70,517,868)
Infrastructure	(308,946,286)	(24,637,255)	142,885	(333,440,656)
Total accumulated depreciation	(444,639,140)	(42,387,959)	4,667,651	(482,359,448)
Total depreciable capital assets, net	437,071,455	(26,327,079)	36,310,404	447,054,780
Total capital assets, net	<u>\$ 615,207,846</u>	<u>\$ 42,564,339</u>	<u>\$ (897,491)</u>	<u>\$ 656,874,694</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
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Business-Type Activities	Balance October 1, 2017	Additions	Transfers/ Disposals/ Reclassification	Balance September 30, 2018
Non-depreciable capital assets:				
Land	\$ 4,476,296	\$ 107,781	\$ 132,934	\$ 4,717,011
Construction in progress	33,801,497	9,298,257	(18,605,925)	24,493,829
Total non-depreciable capital assets	38,277,793	9,406,038	(18,472,991)	29,210,840
Depreciable capital assets:				
Buildings	19,394,365	94,502	402,374	19,891,241
Equipment	37,000,558	2,759,947	(1,810,874)	37,949,631
Infrastructure	379,704,694	6,066,993	17,831,446	403,603,133
Total depreciable capital assets	436,099,617	8,921,442	16,422,946	461,444,005
Less accumulated depreciation for:				
Buildings	(8,287,264)	(622,606)	6,666	(8,903,204)
Equipment	(21,637,380)	(2,677,286)	1,446,355	(22,868,311)
Infrastructure	(211,517,636)	(14,422,423)	282,149	(225,657,910)
Total accumulated depreciation	(241,442,280)	(17,722,315)	1,735,170	(257,429,425)
Total depreciable capital assets, net	194,657,337	(8,800,873)	18,158,116	204,014,580
Total capital assets, net	\$ 232,935,130	\$ 605,165	\$ (314,875)	\$ 233,225,420

Depreciation expense was charged to governmental and business-type activities as follows:

Governmental activities:		Business-type activities:	
Support services	\$ 3,369,780	Water and wastewater	\$ 14,512,955
Public safety services	8,149,056	Solid waste	1,482,530
Recreation and leisure services	8,672,637		
Development services	22,061,339	Other business-type activities	1,726,830
Internal services funds (see note below)	135,147		
Total governmental activities	\$ 42,387,959	Total business-type activities	\$ 17,722,315

Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets.

At September 30, 2018, a summary of changes in capital assets of the Sports Corporation was as follows:

	Balance October 1, 2017	Additions/ Completions	Transfers/ Disposals/ Reclasses	Balance September 30, 2018
Equipment	\$ 310,078	\$ -	\$ -	\$ 310,078
Less accumulated depreciation	(310,078)	-	-	(310,078)
Total	\$ -	\$ -	\$ -	\$ -

City Of Grand Prairie, Texas
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September 30, 2018

At September 30, 2018, a summary of changes in capital assets of the Housing Finance Corporation was as follows:

	Balance January 1, 2017	Additions/ Completions	Transfers/ Disposals/ Reclasses	Balance December 31, 2017
Non-depreciable capital assets:				
Land	\$ 1,612,851	\$ -	\$ -	\$ 1,612,851
Total non-depreciable capital assets	1,612,851	-	-	1,612,851
Depreciable capital assets:				
Buildings	20,203,170	751,057	(369,831)	20,584,396
Less accumulated depreciation	(8,444,239)	(952,697)	369,831	(9,027,105)
Total depreciable capital assets, net	11,758,931	(201,640)	-	11,557,291
Housing Finance Corporation assets, net	<u>\$ 13,371,782</u>	<u>\$ (201,640)</u>	<u>\$ -</u>	<u>\$ 13,170,142</u>

E. Interfund Transactions

Interfund Receivables and Payables

Interfund receivables and payables are reported in the City's financial statements as due to/from other funds. At September 30, 2018, interfund balances existed between the Capital Lending Reserve Fund and the Park Venue CIP Fund for \$90,953, between the Capital Lending Reserve Fund and Epic CIP/Sales Tax Fund for \$3,493,636, and between the General Fund and Grants Fund for \$1,500,000. In May 2014, citizens approved a quarter-cent sales tax to construct The Epic Center. Through an interfund borrowing agreement approved by the City Council, funds were loaned to the Epic CIP Fund to begin planning for this project. A portion of the funds loaned remain outstanding at September 30, 2018.

Cost Reimbursements

The cost of the City's central general and administrative services is allocated to the designated special revenue and enterprise funds. These costs are reported as interfund services provided and used rather than interfund transfers. Interfund services provided and used are arms-length transactions between departments or funds that would be treated as revenues, expenditures or expenses if they were with an external organization. The distinguishing aspect of interfund services provided and used are that each department or fund both gives and receives consideration.

Cost reimbursements for general and administrative services (indirect costs) are recorded as general and administrative revenue in the City's General Fund. Indirect costs are recorded as general and administrative expenses in the funds receiving these services.

For the year ended September 30, 2018, cost reimbursements were as follows:

Fund	Amount
Water and wastewater funds	\$ 3,895,242
Solid waste funds	341,938
Storm water funds	75,412
Airport fund	69,140
Other nonmajor governmental funds	330,807
Total to general fund	<u><u>\$ 4,712,539</u></u>

City Of Grand Prairie, Texas
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Franchise Fees

The City's enterprise funds, which use public right-of-way, pay franchise fees to the General Fund as if they were organizations separate from the City. These fees are not taxes, but are compensation to the City for the use of the City's right-of-way. These payments, 4% of gross revenues, are reported as interfund services provided and used rather than interfund transfers, and are reported as revenue (franchise fees) in the General Fund and expenses in the enterprise funds.

For the year ended September 30, 2018, franchise fees paid to the General Fund were as follows:

Fund	Amount
Water and wastewater funds	\$ 2,927,443
Solid waste funds	364,438
Storm water funds	275,062
Total	\$ 3,566,943

Interfund Transfers

Interfund transfers are made to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 4) make payments in lieu of property taxes.

Two of the City's enterprise funds, the Water and Wastewater Fund and the Solid Waste Fund, make payments in lieu of property taxes to the Street Maintenance Fund, which is a Nonmajor Governmental Fund to provide funding for street repairs. The payments are calculated by applying the City's property tax rate to the net book value of the enterprise funds' capital assets. Since the calculation methodology is not the same as that applied to similar activities in the private sector in several respects, these payments are recorded as transfers in/out rather than as operating revenues/expenses.

At September 30, 2018, transfers between the City's governmental activities and the City's business-type activities consisted of the following:

Transfers out	Transfers In					
	General Fund	Section 8 Fund	Streets CIP Fund	Grants Fund	Debt Service Fund	Epic CIP Fund
General Fund	\$ -	\$ 33,812	\$ -	\$ 796,144	\$ -	\$ -
Section 8 Fund	-	-	-	-	50,000	-
Streets CIP Fund	-	-	-	2,662,296	-	-
Grants Fund	-	-	1,480,000	-	-	-
Debt Service Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	-	-	-	578,670	-	3,700,000
Internal Service Funds	-	-	-	-	-	-
Water & Wastewater Fund	-	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-	-
Nonmajor Enterprise Funds	-	-	-	-	-	-
Total	\$ -	\$ 33,812	\$ 1,480,000	\$ 4,037,110	\$ 50,000	\$ 3,700,000

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Transfers out	Transfers In					Total
	Nonmajor Governmental Funds	Water Wastewater Fund	Solid Waste Fund	Other Nonmajor Enterprise Funds	Internal Service Fund	
General Fund	\$ 9,018,574	\$ -	\$ -	\$ -	\$ 257,621	\$ 10,106,151
Section 8 Fund	-	-	-	-	-	50,000
Streets CIP Fund	-	-	-	-	-	2,662,296
Grants Fund	51,226	-	-	-	-	1,531,226
Debt Service Fund	-	-	-	224,116	-	224,116
Nonmajor Governmental Funds	10,357,234	143,008	-	430,000	-	15,208,912
Internal Service Funds	75,194	-	-	-	-	75,194
Water & Wastewater Fund	1,356,253	-	-	-	30,669	1,386,922
Solid Waste Fund	295,911	-	-	-	11,710	307,621
Nonmajor Enterprise Funds	5,375,000	-	-	-	-	5,375,000
Total	\$ 26,529,392	\$ 143,008	\$ -	\$ 654,116	\$ 300,000	\$ 36,927,438

From Governmental Activities to Business-Type Activities:

- \$16,000 from PID Fund to Water and Wastewater Fund for capital project funding
- \$430,000 from Park Venue Sales Tax Fund to Municipal golf Fund for fiscal operations

From Business-Type Activities to Governmental Activities:

- \$200,000 from Solid Waste Fund to Street Maintenance Fund for payments in lieu of property taxes
- \$5,327,000 from Storm Water Utility Fund to Storm Drainage CIP Fund for capital project funding
- \$200,000 from Solid Waste to Street Maintenance Fund for capital project funding
- \$150,000 from Water and Wastewater Fund to IT Acquisition Fund for technology services
- \$48,000 from Airport Fund to Capital Lending Reserve for repayment of inter fund loan
- \$11,710 from Solid Waste Fund to Risk Management Fund for fiscal operations
- \$30,669 from Water and Wastewater Fund to Risk Management Fund for operations

Other significant transfers made between governmental funds included the following:

- \$6,568,574 General to Park Venue, along with other sources, for fiscal operations
- \$3,700,000 from Epic Sales Tax Fund to Epic CIP for capital project funding
- \$950,000 from General to IT & Equipment Acquisition funds (annual appropriation)
- \$796,144 from General to Grants to fund matching requirements related to operating grants
- \$257,621 from General to Risk Management for fiscal operations
- \$1,500,000 from General to Fleet Services funds for maintenance and equipment
- \$2,462,600 from Park Venue to Park Capital Fund for improvements to infrastructure and equipment at city wide parks
- \$450,000 from Lake Parks to Lake Parks CIP for improvements to park amenities
- \$2,000,000 from Municipal Facilities CIP to Parks CIP to replace and improve aging infrastructure
- \$600,000 from Capital Reserve and Capital & Lending Funds to Municipal Facilities for building improvements & equipment

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2018

F. Deferred Outflows/Inflows of Resources

Deferred Inflows of Resources - Unavailable Revenue

The governmental funds report unavailable revenues from the following sources:

	General Fund	Debt Service Fund	Total
Property taxes	\$ 1,141,088	\$ 461,991	\$ 1,603,079
Ambulance	685,988	-	685,988
Total	\$ 1,827,076	\$ 461,991	\$ 2,289,067

In the government-wide Statement of Activities, these amounts were reported as revenue in the period in which they were earned.

G. Unearned Revenue

Unearned revenue is a liability for resources obtained prior to revenue recognition. Below is a summary of the City's unearned revenue as of September 30, 2018.

	Governmental Activities	Business-Type Activities	Total
Prepaid pipeline lease	\$ 1,042,432	\$ 146,438	\$ 1,188,870
Prepaid arrangements - Cemetery Fund	1,364,431	-	1,364,431
Unspent grant funds - Texas Water Development Board	-	905,606	905,606
Prepaid rental deposits - Parks	155,666	-	155,666
Park Venue Fund deposits on events to be held	23,832	-	23,832
Unspent program revenue - CDBG Program	290,247	-	290,247
Total unearned revenue	\$ 2,876,608	\$ 1,052,044	\$ 3,928,652

H. Long-Term Obligations

Compensated Absences and Postemployment Benefits

Governmental activities record liabilities for compensated absences and retiree postemployment costs at the government-wide financial statement level. Generally, these liabilities are paid from the General Fund. Liabilities for business-type activities are recorded and liquidated in the fund that incurs the liability.

Long-Term Debt

Governmental Activities

Long-term debt in the governmental activities column of the government-wide Statement of Net Position consists of general obligation bonds (including refunding), certificates of obligation bonds, sales tax revenue bonds, and unamortized bond premium/discounts. The certificates of obligation bonds include bonds issued in 2010 for Tax Increment Financing Zones No. 2 project.

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General obligation bonds and certificates of obligation provide funds for the acquisition and construction of capital equipment and facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity.

Below is a summary of the changes in noncurrent liabilities of the City's primary government and component units:

	Balance October 1, 2017	Borrowings or Increase	Payments or Decrease	Balance September 30, 2018	Due Within One Year
Primary government:					
Governmental activities:					
General obligation bonds	\$ 79,130,000	\$ -	\$ (8,920,000)	\$ 70,210,000	\$ 9,390,000
Combination tax and revenue certificates of obligation	112,070,000	36,515,000	(6,810,000)	141,775,000	9,730,000
Tax increment and public district bonds	14,315,000	-	(3,160,000)	11,155,000	3,275,000
Sales tax revenue bonds - Epic	74,825,000	-	-	74,825,000	2,110,000
Sales tax revenue bonds - Crime	24,770,000	-	(4,240,000)	20,530,000	4,650,000
Sales tax revenue bonds - Park Venue	24,330,000	-	(1,875,000)	22,455,000	1,930,000
Issuance premiums/discounts, net	18,506,293	3,713,550	(1,518,598)	20,701,245	-
Total long-term debt	347,946,293	40,228,550	(26,523,598)	361,651,245	31,085,000
Compensated absences	17,345,505	8,528,323	(7,788,172)	18,085,656	8,292,305
Other post employment benefits	56,350,253	4,184,577	(6,788,429)	53,746,401	-
Pension liability	72,615,231	52,294,534	(78,864,723)	46,045,042	-
Environmental remediation liability	182,709	49,040	(173,374)	58,375	58,375
Other liabilities	1,460,919	-	-	1,460,919	160,776
Total governmental activities	495,900,910	105,285,024	(120,138,296)	481,047,638	39,596,456
Business-type activities:					
Certificates of obligation	1,180,000	-	(145,000)	1,035,000	150,000
Water and wastewater revenue bonds	56,490,000	2,755,000	(4,810,000)	54,435,000	4,940,000
Obligations under capital leases	956,022	-	(625,893)	330,129	330,129
Issuance premiums/discounts, net	3,505,394	509,039	-	4,014,433	-
Total long-term debt	62,131,416	3,264,039	(5,580,893)	59,814,562	5,420,129
Compensated absences	487,664	463,394	(487,664)	463,394	373,856
Other post employment benefits	5,971,887	443,574	(718,221)	5,697,240	-
Pension liability	8,132,502	5,543,338	(8,794,963)	4,880,877	-
Closure and post closure liability	7,464,921	474,336	-	7,939,257	-
Total business-type activities	84,188,390	10,188,681	(15,581,741)	78,795,330	5,793,985
Total primary government	\$ 580,089,300	\$ 115,473,705	\$ (135,720,037)	\$ 559,842,968	\$ 45,390,441
Component unit activities:					
Housing Finance Corporation:					
Notes payable	\$ 3,570,958	\$ 41,220	\$ (55,062)	\$ 3,557,116	\$ 58,011
Revenue bonds	7,615,000	-	(220,000)	7,395,000	235,000
Subordinate revenue bonds	4,550,000	-	-	4,550,000	-
Total component units	\$ 15,735,958	\$ 41,220	\$ (275,062)	\$ 15,502,116	\$ 293,011

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, long-term debt for the City's governmental activities consisted of the following:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General obligation bonds:					
Series 2008	4.0-5.5	2009	2029	\$ 8,985,000	\$ -
Series 2010	2.0-4.25	2010	2030	5,480,000	250,000
Series 2011	2.0-5.3	2011	2031	11,550,000	5,040,000
Series 2011A	2.0-5.0	2011	2025	30,960,000	14,520,000
Series 2012	1.0-2.0	2012	2026	27,400,000	5,355,000
Series 2013	1.5-3.25	2013	2033	10,975,000	4,230,000
Series 2013A	3.0-4.125	2014	2034	2,220,000	1,890,000
Series 2015	1.75-5.0	2016	2027	10,270,000	8,620,000
Series 2016	3.0-5.0	2016	2030	33,810,000	<u>30,305,000</u>
Total general obligation bonds					70,210,000
Combination tax and revenue certificates of obligation					
Series 2008A	4.0-5.50	2009	2029	13,185,000	-
Series 2010	2.0-4.25	2010	2030	590,000	25,000
Series 2011	2.0-5.3	2011	2031	6,305,000	4,640,000
Series 2011A	2.0-4.0	2011	2031	7,430,000	5,500,000
Series 2013	2.0-3.25	2013	2033	8,830,000	7,100,000
Series 2013A	2.0-4.125	2014	2034	11,945,000	10,215,000
Series 2014	3.0-5.0	2015	2034	26,125,000	20,890,000
Series 2015	2.0-5.0	2016	2035	27,380,000	24,985,000
Series 2016	2.0-4.0	2016	2036	33,705,000	31,905,000
Series 2017	2.25-5.0	2017	2037	36,515,000	<u>36,515,000</u>
Total combination tax and revenue certificates of obligation					141,775,000
Tax increment and public improvement district debt					
Series 2001 TIRZ 1	3 month LIBOR + .31%	2000	2022	17,900,000	5,910,000
Series 2008A TIRZ 1	4.0-5.50	2008	2021	10,550,000	-
Series 2008A PID 1	4.0-5.50	2008	2019	1,500,000	-
Series 2011 TIRZ 1	2.0-5.3	2011	2020	655,000	160,000
Series 2013 TIRZ 1	2.0-3.25	2013	2020	2,820,000	855,000
Series 2015 TIRZ 1	1.750-5.0	2016	2027	895,000	440,000
Series 2015 PID 5	2.0-5.0	2016	2035	640,000	515,000
Series 2016 TIRZ 1	3.0-5.0	2016	2030	3,135,000	3,095,000
Series 2016 PID	3.0-5.0	2016	2030	180,000	<u>180,000</u>
Total tax increment and public improvement district debt					11,155,000
Sales tax revenue debt					
Series 2008 Crime Control	6mo LIBOR*62.075+1.07	2008	2022	54,800,000	<u>20,530,000</u>
Total Crime Control					20,530,000
Series 2009 Park Venue subordinate	3.77	2009	2027	13,390,000	8,760,000
Series 2013 Park Venue	2.0-4.0	2013	2027	11,060,000	7,225,000
Series 2016 Park Venue	2.0-4.0	2016	2036	6,730,000	<u>6,470,000</u>
Total Park Venue					22,455,000
Sales tax revenue debt					
Series 2015 EPIC	3.721-5.032	2015	2040	74,825,000	<u>74,825,000</u>
Total EPIC					<u>74,825,000</u>
Total general obligation debt					340,950,000
Unamortized bond premiums/discounts					<u>20,701,245</u>
Total long-term debt - governmental activities					<u>\$ 361,651,245</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, changes in long-term debt for the City's governmental activities were as follows:

	Balance October 1, 2017	Borrowings or Increase	Payments or Decrease	Balance September 30, 2018	Due Within One Year
General obligation bonds:					
Series 2008	\$ 395,000	\$ -	\$ (395,000)	\$ -	\$ -
Series 2010	490,000	-	(240,000)	250,000	250,000
Series 2011	5,720,000	-	(680,000)	5,040,000	700,000
Series 2011A	17,260,000	-	(2,740,000)	14,520,000	2,675,000
Series 2012	5,950,000	-	(595,000)	5,355,000	610,000
Series 2013	4,790,000	-	(560,000)	4,230,000	460,000
Series 2013A	1,975,000	-	(85,000)	1,890,000	90,000
Series 2015	9,365,000	-	(745,000)	8,620,000	765,000
Series 2016	33,185,000	-	(2,880,000)	30,305,000	3,840,000
Total general obligation bonds	79,130,000	-	(8,920,000)	70,210,000	9,390,000
Combination tax and revenue certificates of obligation					
Series 2008A	525,000	-	(525,000)	-	-
Series 2010	50,000	-	(25,000)	25,000	25,000
Series 2011	4,895,000	-	(255,000)	4,640,000	265,000
Series 2011A	5,840,000	-	(340,000)	5,500,000	345,000
Series 2013	7,475,000	-	(375,000)	7,100,000	385,000
Series 2013A	10,660,000	-	(445,000)	10,215,000	460,000
Series 2014	22,725,000	-	(1,835,000)	20,890,000	1,925,000
Series 2015	26,195,000	-	(1,210,000)	24,985,000	1,240,000
Series 2016	33,705,000	-	(1,800,000)	31,905,000	1,845,000
Series 2017	-	36,515,000	-	36,515,000	3,240,000
Total combination tax and revenue certificates of obligation	112,070,000	36,515,000	(6,810,000)	141,775,000	9,730,000
Tax increment and public improvement district debt					
Series 2001 TIRZ 1	7,150,000	-	(1,240,000)	5,910,000	1,330,000
Series 2008A TIRZ 1	970,000	-	(970,000)	-	-
Series 2008A PID 1	175,000	-	(175,000)	-	-
Series 2011 TIRZ 1	235,000	-	(75,000)	160,000	80,000
Series 2013 TIRZ 1	1,270,000	-	(415,000)	855,000	420,000
Series 2015 TIRZ 1	660,000	-	(220,000)	440,000	215,000
Series 2015 PID 5	580,000	-	(65,000)	515,000	65,000
Series 2016 - TIRZ 1	3,095,000	-	-	3,095,000	985,000
Series 2016 - PID	180,000	-	-	180,000	180,000
improvement district debt	14,315,000	-	(3,160,000)	11,155,000	3,275,000
Sales tax revenue debt:					
Crime Control					
Series 2008	24,770,000	-	(4,240,000)	20,530,000	4,650,000
Total Crime Control	24,770,000	-	(4,240,000)	20,530,000	4,650,000
Park Venue					
Series 2009 subordinate	9,715,000	-	(955,000)	8,760,000	990,000
Series 2013	7,885,000	-	(660,000)	7,225,000	675,000
Series 2016 Park Venue	6,730,000	-	(260,000)	6,470,000	265,000
Total Park Venue	24,330,000	-	(1,875,000)	22,455,000	1,930,000
EPIC					
Series 2015 EPIC	74,825,000	-	-	74,825,000	2,110,000
Total EPIC	74,825,000	-	-	74,825,000	2,110,000
Total change in long term debt	329,440,000	36,515,000	(25,005,000)	340,950,000	31,085,000
Unamortized bond premiums/discounts	18,506,293	3,713,550	(1,518,598)	20,701,245	-
Total change in long-term debt - governmental activities	\$ 347,946,293	\$ 40,228,550	\$ (26,523,598)	\$ 361,651,245	\$ 31,085,000

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

On October 17, 2017, the City issued \$36,515,000 in Combination Tax and Revenue Certificates, Series 2017. The proceeds were used to fund public safety, library, street, and other City structure improvements.

Outstanding Bond Debt Defeasement

At September 30, 2018, certain outstanding debt of the city was considered to be defeased. The following table details such outstanding defeased debt:

Type of Obligation	Defeased Debt Outstanding
Certificates of obligation	\$ 1,515,000
General obligation refunding bonds	3,060,000
Total debt defeasement	\$ 4,575,000

At September 30, 2018, the aggregate debt service payments for long-term debt through the final year of maturity for the City's governmental activities were as follows:

Fiscal Year	General Obligation Bonds			Certificates of Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 9,390,000	\$ 2,667,395	\$ 12,057,395	\$ 9,730,000	\$ 5,322,799	\$ 15,052,799
2020	8,595,000	2,329,201	10,924,201	10,065,000	4,971,286	15,036,286
2021	8,445,000	1,984,073	10,429,073	10,445,000	4,590,386	15,035,386
2022	8,140,000	1,664,626	9,804,626	10,210,000	4,185,261	14,395,261
2023	6,905,000	1,383,801	8,288,801	10,320,000	3,768,918	14,088,918
2024	6,545,000	1,123,383	7,668,383	10,710,000	3,378,836	14,088,836
2025	5,595,000	875,726	6,470,726	6,470,000	3,056,614	9,526,614
2026	5,250,000	638,414	5,888,414	6,340,000	2,804,603	9,144,603
2027	4,735,000	405,508	5,140,508	6,580,000	2,553,668	9,133,668
2028	2,315,000	234,408	2,549,408	6,855,000	2,289,250	9,144,250
2029	2,205,000	126,660	2,331,660	7,115,000	2,018,478	9,133,478
2030	770,000	61,303	831,303	7,405,000	1,728,071	9,133,071
2031	405,000	40,956	445,956	7,710,000	1,431,049	9,141,049
2032	375,000	26,856	401,856	6,960,000	1,159,273	8,119,273
2033	385,000	13,306	398,306	7,235,000	884,309	8,119,309
2034	155,000	3,197	158,197	6,940,000	590,959	7,530,959
2035	-	-	-	5,425,000	328,050	5,753,050
2036	-	-	-	3,730,000	135,800	3,865,800
2037	-	-	-	1,530,000	30,600	1,560,600
	<u>\$ 70,210,000</u>	<u>\$ 13,578,813</u>	<u>\$ 83,788,813</u>	<u>\$ 141,775,000</u>	<u>\$ 45,228,210</u>	<u>\$ 187,003,210</u>
Fiscal Year	Tax and Tax Increment Bonds (TIFs)			Sales Tax Revenue Bonds-Crime Control		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 3,275,000	\$ 957,720	\$ 4,232,720	\$ 4,650,000	\$ 666,521	\$ 5,316,521
2020	3,260,000	685,153	3,945,153	5,085,000	523,818	5,608,818
2021	2,675,000	400,012	3,075,012	5,550,000	362,321	5,912,321
2022	1,710,000	133,833	1,843,833	5,245,000	188,894	5,433,894
2023	75,000	7,950	82,950	-	-	-
2024	80,000	5,600	85,600	-	-	-
2025	80,000	2,000	82,000	-	-	-
	<u>\$ 11,155,000</u>	<u>\$ 2,192,268</u>	<u>\$ 13,347,268</u>	<u>\$ 20,530,000</u>	<u>\$ 1,741,554</u>	<u>\$ 22,271,554</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Fiscal Year	Sales Tax Revenue Bonds-Park Venue			Sales Tax Revenue Bonds-EPIC		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,930,000	\$ 762,178	\$ 2,692,178	\$ 2,110,000	\$ 3,353,062	\$ 5,463,062
2020	1,990,000	701,651	2,691,651	2,195,000	3,266,962	5,461,962
2021	2,050,000	637,855	2,687,855	2,285,000	3,177,362	5,462,362
2022	2,120,000	571,674	2,691,674	2,375,000	3,084,162	5,459,162
2023	2,190,000	499,449	2,689,449	2,475,000	2,987,162	5,462,162
2024	2,270,000	418,804	2,688,804	2,575,000	2,886,162	5,461,162
2025	2,360,000	331,134	2,691,134	2,680,000	2,781,062	5,461,062
2026	2,450,000	240,997	2,690,997	2,785,000	2,675,647	5,460,647
2027	1,170,000	172,548	1,342,548	2,895,000	2,567,509	5,462,509
2028	370,000	142,438	512,438	3,010,000	2,449,919	5,459,919
2029	385,000	127,338	512,338	3,140,000	2,323,165	5,463,165
2030	400,000	111,638	511,638	3,275,000	2,187,743	5,462,743
2031	420,000	95,238	515,238	3,425,000	2,035,914	5,460,914
2032	435,000	78,138	513,138	3,590,000	1,868,185	5,458,185
2033	455,000	60,338	515,338	3,770,000	1,692,208	5,462,208
2034	470,000	43,600	513,600	3,955,000	1,507,503	5,462,503
2035	485,000	28,081	513,081	4,145,000	1,313,832	5,458,832
2036	505,000	10,100	515,100	4,355,000	1,105,153	5,460,153
2037	-	-	-	4,580,000	880,348	5,460,348
2038	-	-	-	4,815,000	643,970	5,458,970
2039	-	-	-	5,065,000	395,389	5,460,389
2040	-	-	-	5,325,000	133,977	5,458,977
	<u>\$ 22,455,000</u>	<u>\$ 5,033,199</u>	<u>\$ 27,488,199</u>	<u>\$ 74,825,000</u>	<u>\$ 45,316,396</u>	<u>\$ 120,141,396</u>

Fiscal Year	Total		
	Principal	Interest	Total
2019	\$ 31,085,000	\$ 13,729,675	\$ 44,814,675
2020	31,190,000	12,478,071	43,668,071
2021	31,450,000	11,152,009	42,602,009
2022	29,800,000	9,828,450	39,628,450
2023	21,965,000	8,647,280	30,612,280
2024	22,180,000	7,812,785	29,992,785
2025	17,185,000	7,046,536	24,231,536
2026	16,825,000	6,359,661	23,184,661
2027	15,380,000	5,699,233	21,079,233
2028	12,550,000	5,116,015	17,666,015
2029	12,845,000	4,595,641	17,440,641
2030	11,850,000	4,088,755	15,938,755
2031	11,960,000	3,603,157	15,563,157
2032	11,360,000	3,132,452	14,492,452
2033	11,845,000	2,650,161	14,495,161
2034	11,520,000	2,145,259	13,665,259
2035	10,055,000	1,669,963	11,724,963
2036	8,590,000	1,145,853	9,735,853
2037	6,110,000	880,348	6,990,348
2038	4,815,000	643,970	5,458,970
2039	5,065,000	395,389	5,460,389
2040	5,325,000	133,977	5,458,977
	<u>\$ 340,950,000</u>	<u>\$ 112,954,640</u>	<u>\$ 453,904,640</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Business-Type Activities

Long-term debt in the business-type activities column of the government-wide Statement of Net Position consists of general obligation refunding bonds, water and wastewater system revenue bonds, certificates of obligation bonds, and unamortized bond premiums/discounts. Bonds issued for business-type activities are secured by a pledge of the property tax levy of the City, but are self-supporting obligations which are paid from the respective net revenues of each activity. Bond proceeds are used to fund additions and improvements to the City's water and wastewater system, solid waste system, municipal golf courses, and municipal airport.

At September 30, 2018, long-term debt for the City's business-type activities consisted of the following:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Water and wastewater:					
Revenue bonds					
Series 2008	3.5-5.50	2009	2029	\$ 4,940,000	\$ -
Series 2010	0.0-2.587	2010	2030	4,995,000	3,345,000
Series 2011	2.0-4.25	2011	2031	8,940,000	2,805,000
Series 2011A	2.0-5.0	2011	2031	11,020,000	6,655,000
Series 2013	2.0-4.0	2013	2026	14,045,000	10,150,000
Series 2013A	0.0-0.31	2013	2019	1,805,000	305,000
Series 2014	0.0-1.990	2014	2030	4,000,000	3,040,000
Series 2015	2.25-4.0	2015	2027	4,155,000	3,595,000
Series 2016	2.0-5.0	2016	2036	17,625,000	17,065,000
Series 2017	0.0-0.8	2017	2030	5,110,000	4,720,000
Series 2017A	2.0-4.0	2017	2036	2,755,000	2,755,000
Total bonds payable - water wastewater					54,435,000
Unamortized bond premiums/discounts					4,014,433
Total long-term debt - water wastewater					58,449,433
Municipal airport:					
Certificates of obligation bonds					
Series 2004A	2.25-5.0	2004	2024	2,120,000	1,035,000
Solid waste					
Obligations under capital lease					
D8T tractor	2.99	2016	2018	772,839	330,129
Landfill compactor	2.99	2016	2018	1,034,539	-
Total obligations under capital lease					330,129
Total long-term debt - business-type activities					\$ 59,814,562

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, changes in long-term debt for the City's business-type activities were as follows:

	Balance October 1, 2017	Borrowings or Increase	Payments or Decrease	Balance September 30, 2018	Due Within One Year
Water and wastewater:					
Revenue bonds					
Series 2008	\$ 215,000	\$ -	\$ (215,000)	\$ -	\$ -
Series 2010	3,575,000	-	(230,000)	3,345,000	235,000
Series 2011	3,620,000	-	(815,000)	2,805,000	840,000
Series 2011A	7,370,000	-	(715,000)	6,655,000	750,000
Series 2013	11,250,000	-	(1,100,000)	10,150,000	1,260,000
Series 2013A	605,000	-	(300,000)	305,000	305,000
Series 2014	3,280,000	-	(240,000)	3,040,000	240,000
Series 2015	3,840,000	-	(245,000)	3,595,000	120,000
Series 2016	17,625,000	-	(560,000)	17,065,000	800,000
Series 2017	5,110,000	-	(390,000)	4,720,000	390,000
Series 2017A	-	2,755,000	-	2,755,000	-
Total revenue bonds	56,490,000	2,755,000	(4,810,000)	54,435,000	4,940,000
Bond premiums/discounts	3,505,394	509,039	-	4,014,433	-
Total water and wastewater	59,995,394	3,264,039	(4,810,000)	58,449,433	4,940,000
Municipal airport:					
Certificate of obligation					
Series 2004A	1,180,000	-	(145,000)	1,035,000	150,000
Total municipal airport	1,180,000	-	(145,000)	1,035,000	150,000
Solid waste:					
Obligations under capital lease					
D8T tractor	543,361	-	(213,232)	330,129	330,129
Landfill compactor	412,661	-	(412,661)	-	-
Total general obligation bonds	956,022	-	(625,893)	330,129	330,129
Total solid waste	956,022	-	(625,893)	330,129	330,129
Total change in long-term debt - business-type activities	\$ 62,131,416	\$ 3,264,039	\$ (5,580,893)	\$ 59,814,562	\$ 5,420,129

On October 17, 2017, the City issued \$2,755,000 in Water and Wastewater System Revenue Refunding Bonds, Series 2017A. The proceeds were used to improve the Water and Wastewater system and to pay the costs associated with the issuance of the bonds.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

At September 30, 2018, the aggregate debt service payments for long-term debt through the final year of maturity for the City's water and wastewater system were as follows:

Fiscal Year	Water and Wastewater System Revenue Bonds		
	Principal	Interest	Total
2019	\$ 4,940,000	\$ 1,604,918	\$ 6,544,918
2020	5,075,000	1,468,997	6,543,997
2021	5,220,000	1,324,107	6,544,107
2022	5,365,000	1,178,577	6,543,577
2023	5,480,000	1,027,404	6,507,404
2024	5,535,000	857,772	6,392,772
2025	4,995,000	684,274	5,679,274
2026	4,005,000	528,159	4,533,159
2027	3,760,000	393,944	4,153,944
2028	2,170,000	301,004	2,471,004
2029	2,235,000	236,534	2,471,534
2030	1,900,000	176,802	2,076,802
2031	935,000	131,500	1,066,500
2032	690,000	99,000	789,000
2033	720,000	70,800	790,800
2034	450,000	47,400	497,400
2035	470,000	29,000	499,000
2036	490,000	9,800	499,800
Total	\$ 54,435,000	\$ 10,169,992	\$ 64,604,992

At September 30, 2018, long-term debt is being repaid solely from airport revenues. Aggregate debt service payments for long-term debt through the final year of maturity for the City's municipal airport were as follows:

Fiscal Year	Certificates of Obligation		
	Principal	Interest	Total
2019	\$ 150,000	\$ 46,979	\$ 196,979
2020	160,000	39,710	199,710
2021	170,000	31,830	201,830
2022	175,000	23,375	198,375
2023	185,000	14,375	199,375
2024	195,000	4,875	199,875
Total	\$ 1,035,000	\$ 161,144	\$ 1,196,144

Capital Lease Obligations – Solid Waste

The City entered into two capital lease agreements in July 2016 for the purchase of a D8T tractor and a landfill compactor. The leased property under the capital lease is classified as equipment with the total capitalized cost of \$1,807,378 and an amortized values of approximately \$1,385,656 at September 30, 2018. Amortization expense has been include in depreciation expense for the year ended September 30, 2018.

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The following is a schedule of future minimum payments under the capital leases together with the present value of the net minimum lease payments as of September 30, 2018.

<u>Year Ending September 30,</u>		
2019	\$	340,000
Less amount representing interest		<u>9,871</u>
	<u>\$</u>	<u>330,129</u>

Water and Wastewater System Debt Service Coverage

The following covenants are included in various water and wastewater system revenue bond indenture ordinances:

- Net revenues (defined as gross revenues less expenses of operation and maintenance) are pledged for the payment of bond principal and interest.
- Additional water and wastewater system revenue bonds cannot be issued unless the “net earnings” (defined as gross revenues after deducting the expenses of operation and maintenance, excluding depreciation and certain other items specified in the ordinances) of the system for twelve consecutive months out of the fifteen months prior to the date of such bonds is equal to at least 1.25 times the average annual requirements for the payment of principal and interest on the then-outstanding bonds and any additional bonds then proposed to be issued.
- All revenues derived from the operations must be kept separate from other funds of the City.
- The amount required to meet interest and principal payments falling due on or before the next maturity dates of the bonds is to be paid into the water and wastewater system interest and redemption account during each year.

At September 30, 2018, compliance with these covenants can be demonstrated as follows:

System revenue ⁽¹⁾	\$	80,173,357
Operating expenses:		
Water purchased		16,917,148
Sewage disposal contract		15,577,535
Other operating expenses		<u>23,953,483</u>
Total expenses ⁽²⁾		<u>56,448,166</u>
Net revenue (available for debt service)	\$	<u>23,725,191</u>
Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2018		
	\$	3,589,166
Coverage of average annual requirements based on September 30, 2018 revenue available for debt service		
		6.61

(1) Includes operating revenues, plus investment income and impact fees

(2) Excludes depreciation expense.

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Grand Prairie Housing Finance Corporation

The GPHFC has a general obligation note payable to a bank which was used to construct the Cotton Creek and Willow Tree Learning Center. The note bears a rate of 4.25% and is payable in equal monthly installments of \$12,438 through September 21, 2040.

In December, 2003, the HFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its planned Senior Living Center facility. The bonds bear interest rates from 7.5% to 7.75% depending on longevity. Beginning January 1, 2014, semi-annual retirements of the Bonds began and continues through January 1, 2034. The bonds are non-recourse liabilities collateralized solely by the land and construction in progress, less the accrued interest.

A summary of long-term debt activity during the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Note payable	\$ 2,228,945	\$ -	\$ (55,602)	\$ 2,173,343	\$ 58,011
Revenue bonds	7,615,000	-	(220,000)	7,395,000	235,000
Subordinate bonds	4,550,000	-	-	4,550,000	-
Developer loan	1,342,013	41,760	-	1,383,773	-
Total	\$ 15,735,958	\$ 41,760	\$ (275,602)	\$ 15,502,116	\$ 293,011

Effective July 1, 2010 the bonds of the Senior Living Center were reissued in two series: \$8,630,000 in Priority Lien Revenue Bonds and \$4,550,000 in Subordinate Lien Revenue Bonds.

Future maturities of the debt are as follows:

Year Ending December 31,	Note Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 58,011	\$ 91,246	\$ 235,000	\$ 567,978
2019	60,525	88,732	255,000	549,488
2020	63,148	86,109	265,000	529,838
2021	65,885	83,372	295,000	508,981
2022	68,740	80,517	315,000	485,731
2023-2027	391,052	355,231	2,005,000	2,011,319
2028-2032	483,458	262,825	2,925,000	1,084,225
2033-2037	597,700	148,582	1,100,000	85,444
2038-2040	384,824	34,056	-	-
Total	\$ 2,173,343	\$ 1,230,670	\$ 7,395,000	\$ 5,823,004

The Subordinate Lien Revenue Bonds are not scheduled above as their payments are contingent upon cash flow and payment amounts and periods are uncertain.

Leases

Grand Prairie Sports Facilities Development (Sports Corporation) – A Component Unit

On September 15, 1995, the Sports Corporation and LSJC entered into a lease agreement. On October 23, 2002, Lone Star, LSJC, and MEC Lone Star, L.P. (MEC) entered into an asset purchase agreement whereby MEC agreed to purchase substantially all of the racing assets of Lone Star and LSJC. The Master Agreement between the Sports Corporation, Lone Star, and LSJC was terminated. Lone Star and LSJC assigned to MEC all of their rights and obligations under the lease and certain ancillary agreements with the Sports Corporation.

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On March 5, 2009, Magna Entertainment Corporation, the parent company of MEC, filed for bankruptcy under Chapter 11 federal bankruptcy protection. Subsequently, on September 14, 2009, Lone Star filed for bankruptcy protection.

On October 23, 2009, an auction for Lone Star was conducted with Global Gaming LSP, LLC (a wholly owned subsidiary of the Chickasaw Nation) winning the auction for \$47 million.

On May 13, 2011, Global Gaming obtained their license with the Texas Racing Commission. The sale was completed on May 16, 2011. Under the terms of the purchase agreement, Global Gaming has agreed to assume the lease agreement between Lone Star and the Sports Corporation.

The agreement states that upon completion of the project, Global Gaming will lease the facility for a period of thirty years. The lease became effective April 1997 and meets the requirements for accounting as a direct financing lease.

The future base rent payments under the lease are as follows:

Year	Amount
2019	\$ 1,756,920
2020	1,756,920
2021	1,756,920
2022	1,888,689
2023	1,932,612
Thereafter	<u>6,989,613</u>
	16,081,674
Less interest	<u>4,530,908</u>
Net present value	11,550,766
Less current portion	<u>876,012</u>
Non-current portion	<u>\$ 10,674,754</u>

Additional contingent rentals are due monthly based upon 1% of gross revenues from the operation of the track for each month plus an amount equal to the cumulative net retainage from the live races and the simulcast races multiplied by the following percentage:

Cumulative Net Retainages	Percentage
\$0 to less than \$20 million	1%
\$20 million to less than \$40 million	3%
\$40 million to less than \$60 million	5%
\$60 million or more	7%

The lease has been accounted for as a capital lease. However, only the base rent payments are determinable and are included in the lease payments receivable at the net present value of future rent payments. The remaining portion of the Facility is recorded as estimated unguaranteed residual value of the lease. Its fair value is estimated to be approximately equal to the differences between the original cost plus capitalized improvements of the Facility, net of what accumulated depreciation would be, and the fixed lease payments receivable. Therefore, this amount is being amortized over the life of the lease (thirty years). Amortization for the year ended September 30, 2018 was \$3,894,155. Additional contingent rentals are recorded as revenue when received.

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The capital lease is being amortized using the interest method over the 30-year life of the lease. The Corporation has recorded lease rental and interest for the year ended September 30, 2018 as follows:

Nominal interest on the lease	\$ 1,759,320
Amortization of the lease	<u>(876,012)</u>
Net interest	883,308
Contingent rentals received (includes rent for simulcast facility prior to completion of project)	<u>203,859</u>
Total lease rental and interest	<u>\$ 1,087,167</u>

Closure and Post Closure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City follows the provisions of GASB Statement No. 18 Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs. Accordingly, the City has recorded a closure and post closure care liability of \$7,939,257 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 46.58% of the estimated capacity of the landfill.

The City will recognize the remaining estimated cost of closure and post closure care of \$9,137,961 as the remaining estimated capacity is filled. The City expects to close the landfill in year 2037. Actual cost may be higher or lower due to inflation, changes in technology or changes in regulations.

Environmental Remediation Obligations

The City has recorded a liability and an asset related to environmental remediation in the amount of \$58,375, in the Statement of Net Position and Statement of Activities. The estimates of the liabilities are prepared by the Environmental Professional Group and by the City's Environmental Quality Manager and based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected.

- Transportation Center at 1821 W. Freeway for a release determination report and soil disposal.
- The City owns the building and is responsible for the asbestos abatement of the Copeland home located at 125 SW Dallas Street.
- The City owns the Historic Museum located at 1516 W Main Street and is responsible for the asbestos abatement.
- The City owns the Parks Field Office located at 1410 Skyline and is responsible for the asbestos abatement.
- The City owns the Service Center and is responsible for a leaking petroleum storage tank and groundwater monitoring.
- The City owns the Charley Taylor Recreation Center located at 601 E. Grand Prairie and is responsible for the asbestos abatement.

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Environmental remediation liability activity in fiscal year 2018 was as follows:

Property Description	Beginning			Ending	Current
	Balance	Additions	Reductions	Balance	
	9/30/2017			9/30/2018	Portion
Transportation Center - 1821 W Freeway	\$ 7,398	\$ -	\$ 7,398	\$ -	\$ -
Copeland Home Asbestos Abatement	81,270	-	57,020	24,250	24,250
Historic Museum- 1516 W Main Street	18,786	-	15,380	3,406	3,406
Parks Field Office	12,415	-	12,415	-	-
Service Center	-	49,040	18,321	30,719	30,719
Charley Taylor Recreation Center	62,840	-	62,840	-	-
Total	\$ 182,709	\$ 49,040	\$ 173,374	\$ 58,375	\$ 58,375

Other Liabilities

Sales Tax Payback

During fiscal year 2008, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$2,386,466. In 2012, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of thirteen years. As of September 30, 2018, the liability equaled \$1,300,143.

I. Risk Management

The City currently administers a deductible program for Workers Compensation, all Liability, Property, Airport, and Crime claims through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), a public entity risk pool. The TMLIRP sustains itself through member premiums and stop loss coverage for excess claims through commercial insurers.

The City's current per occurrence and aggregate limits through the TMLIRP are as follows:

Coverage	Per Occurrence	Aggregate
General Liability	\$ 1,000,000	\$ 2,000,000
Law Enforcement Liability	3,000,000	6,000,000
Errors and Omissions	3,000,000	6,000,000
Automobile Liability	3,000,000	N/A
Airport Liability	10,000,000	10,000,000

Current deductibles with TMLIRP are \$350,000 for Workers Compensation with no aggregate retention; \$300,000 for all liability lines (General, Law Enforcement, Public Officials, and Auto Liability); \$1,000 for Automobiles; and \$10,000 for Mobile Equipment.

The City's operating funds are charged premiums for coverage provided by the Risk Management Fund based on approved annual budgets with adjustments based on estimates of the amounts needed to pay prior and current-year claims. These inter-fund premiums are used to reduce the amount of actual expenditures.

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Liabilities of the Risk Management Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, timing of filed claims, adjudication of claim benefits, changes in legal doctrines, and damage awards.

Accordingly, claims are reevaluated annually to consider the effects of inflation, plan benefit designs, recent claim settlement trends, claim expense, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The total accrued liabilities for the Risk Management Fund based on the recent September 30, 2018 actuarial report, as of September 30, 2018, was \$1,830,716.

The City offers group health coverage to its employees and retirees in plans administered by United Health Care using an escrow account funded by the City with both employee and City contributions. The City allows retired employees under age 65 to continue participating in its group health insurance program after retirement with a portion of premiums paid by the City. The amount of premiums paid by retirees is based on the retirement date, length of service with the City, plan selected and dependents covered at the time of retirement. The City retains risk for up to \$400,000 per member per year, and transfers risk in excess of this amount to a reinsurer. Reported claims are charged to expense in the period the loss is incurred. The total accrued liabilities for health insurance as of September 30, 2018 were \$2,140,611.

At September 30, 2018, the change in estimates of accrual liabilities for health coverage for the risk management fund:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2018	\$ 3,861,819	\$ 16,301,886	\$ 16,192,378	\$ 3,971,327
2017	3,628,897	19,578,864	19,345,942	3,861,819
2016	5,005,726	16,770,731	18,147,560	3,628,897

J. Defined Benefit Pension Plan

Plan Description

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

City Of Grand Prairie, Texas
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Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

Plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	25 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating transfers
Annuity increase to retirees	70% of CPI Repeating

Additional information related to the TMRS Plan is located in the TMRS CAFR.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	735
Inactive employees entitled to but not yet receiving benefits	515
Active employees	<u>1,313</u>
Total	<u><u>2,563</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Grand Prairie were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Grand Prairie were 15.84% and 16.33% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2018, were \$14,427,366, and were equal to the required contributions.

Net Pension Liability

The city’s Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

City Of Grand Prairie, Texas
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Actuarial Assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.5% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a three-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

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Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balance at December 31, 2016	\$ 525,359,395	\$ 444,611,662	\$ 80,747,733
Changes for the year:			
Service cost	15,171,279	-	15,171,279
Interest	35,239,052	-	35,239,052
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,775,160	-	1,775,160
Changes in assumptions	-	-	-
Contributions - employer	-	14,427,366	(14,427,366)
Contributions - employee	-	6,292,394	(6,292,394)
Net investment income	-	61,623,079	(61,623,079)
Benefit payments*	(21,770,002)	(21,770,002)	-
Administrative expense	-	(319,350)	319,350
Other changes	-	(16,184)	16,184
Net changes	30,415,489	60,237,303	(29,821,814)
Balance at December 31, 2017	\$ 555,774,884	\$ 504,848,965	\$ 50,925,919

* Includes refunds of employee contributions

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
1% Decrease	Current Single Rate	1% Increase
\$ 130,748,672	\$ 50,925,919	\$ (14,498,614)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

City Of Grand Prairie, Texas
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the city recognized pension expense of \$15,203,604.

At September 30, 2018, the City reported deferred inflows/outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience [actuarial (gains) or losses]	\$ 1,727,954	\$ -
Difference in assumptions	244,304	
Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses]		12,793,800
Employer's contributions to the pension plan subsequent to the measurement date	11,036,252	-
	<u>\$ 13,008,510</u>	<u>\$ 12,793,800</u>

The \$11,036,252 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31	Net deferred outflows (inflows) of resources
2018	\$ 761,420
2019	104,831
2020	(5,867,462)
2021	(5,945,714)
2022	125,383
Total	<u>\$ (10,821,542)</u>

K. Other Postemployment Benefits (OPEB)

Plan Description

Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

City Of Grand Prairie, Texas

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Retiree Health Benefits

Current employees who retire from the City of Grand Prairie under a TMRS Retirement / Plan option may elect to remain on the City's medical, dental, and vision insurance plans as long as they meet the following criteria:

- Under age of 65
- Currently working for the City immediately prior to retirement, and
- Payment of required monthly premiums by due date, or within grace period

TMRS Retirement / Plan option may include:

- Service retirement, 25 years of TMRS creditable service at any age, or
- Age 60 and 5 years of TMRS creditable service
- Disability/medical retirement at any age, if approved by TMRS

Eligibility requirements do not vary by type of retirement. The retiree health care plan is a single-employer defined benefit plan. No trust is setup for the plan; therefore, there is no separate audit report available.

Retirees pay a portion of their retiree health care premium based on their years of service with the City of Grand Prairie, the plan selected, and dependent coverage when they retire. The base retiree health care premium is based on the accrual rate, claims costs, and budget for the prior fiscal year.

Medical coverage for retiree benefits extends only to age 65. Once a retiree reaches age 65, they will be dropped from medical coverage at the beginning of the month in which they turn 65. If a retiree cancels any or all insurance at any time during retirement, they forfeit all rights to coverage through the City for that benefit. If they cancel medical coverage all together, they may not elect medical again in the future for any reason.

A spouse who is on the employee's plan at the time of retirement may continue on the plan until the spouse reaches age 65. Spouse coverage continues after the employee reaches the age 65 and after the death of the employee until the spouse reaches the age of 65, as well. Spouse coverage continues even though the employee becomes Medicare eligible.

Rates for spouse coverage are dependent upon the employee's years of service with the City of Grand Prairie. Spouses receive the same benefits as the employee. Surviving spouses of deceased active members are not eligible for retiree health care benefits, unless they become eligible under TMRS and elect retirement immediately following the month of death. They become "retiree" in that case.

For all retirements after 1/1/08, dependents must have been covered for the 2 years immediately preceding the effective date of retirement to be eligible to continue coverage under retiree into retirement.

New dependents gained during retirement (due to marriage or birth) may not be added to the City's plan since they were not eligible at the time of retirement.

Retirees that do not continue coverage through our retiree health care plans do not receive payment in lieu of retiree health care.

The City offers medical, dental, and vision coverage to eligible retirees.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

Employees Covered by Benefit Terms

For retiree health insurance at the September 30, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	169
Active employees	1,323
Total	1,492

For TMRS supplemental death at the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	555
Inactive employees entitled to but not yet receiving benefits	114
Active employees	1,313
Total	1,982

Contributions

For retiree health insurance, retirees and their spouses currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Monthly retiree contribution rates are as follows:

Retiree 2018 Monthly Health Care Premiums (Employee Pays Portion)

	<u>Monthly Health Care Premium</u>
Over 65 Retiree (Grandfathered by age)	
Employee only	\$ 125
Employee plus spouse	138

Total OPEB Liability

The City of Grand Prairie retiree health insurance total OPEB liability of \$55,800,537 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

The City of Grand Prairie TMRS supplemental death total OPEB liability of \$3,643,104 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50%
Discount Rate	3.83%
Mortality rates - retirees	RP-2014 Combined Table projected using MP-2018

The discount rate was selected by City of Grand Prairie based on the Bond Buyer 20-Bond General Obligation Index to reflect yields on long-term municipal bonds as of the measurement date.

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2018

The TMRS supplemental death total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate	3.31%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	PR2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

<u>Change in OPEB Liability</u> <u>Retiree Health Insurance</u>	<u>Total OPEB</u> <u>Liability</u>
Balance at September 30, 2017	\$ 59,159,975
Changes for the year:	
Service cost	2,173,026
Interest	2,210,196
Difference between expected and actual experience	(3,213,084)
Changes in assumptions	(1,962,733)
Benefit payments*	<u>(2,566,843)</u>
Net changes	<u>(3,359,438)</u>
Balance at September 30, 2018	<u>\$ 55,800,537</u>
<u>Change in OPEB Liability</u> <u>TMRS Supplemental Death</u>	<u>Total OPEB</u> <u>Liability</u>
Balance at December 31, 2016	\$ 3,149,282
Changes for the year:	
Service cost	124,209
Interest	120,720
Changes in assumptions	284,381
Benefit payments*	<u>(35,488)</u>
Net changes	<u>493,822</u>
Balance at December 31, 2017	<u>\$ 3,643,104</u>

*Due to the Plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City's retiree health insurance calculated using the discount rate of 3.8%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.8%) or 1 percentage point higher (4.8%) than the current discount rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate		
<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 60,802,744	\$ 55,800,537	\$ 49,476,793

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

The following presents the total OPEB liability of the City's TMRS supplemental plan calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.31%) or 1 percentage point higher (4.31%) than the current discount rate:

Sensitivity of the OPEB Liability to Changes in the Discount Rate		
Current		
1% Decrease	Discount Rate	1% Increase
\$ 4,371,513	\$ 3,643,104	\$ 3,075,239

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City's retiree health insurance, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Rate		
Current		
1% Decrease	Discount Rate	1% Increase
\$ 49,080,399	\$ 55,800,537	\$ 61,323,519

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,073,086. At September 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health Insurance

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience [actuarial (gains) or losses]	\$ -	\$ 2,677,572
Difference in assumptions	-	1,635,610
Difference in projected and actual earnings on OPEB plan investments [actuarial (gains) or losses]	-	-
Employer's contributions to the OPEB plan subsequent to the measurement date	-	-
	<u>\$ -</u>	<u>\$ 4,313,182</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

TMRS Supplemental Death

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience [actuarial (gains) or losses]	\$ -	\$ -
Difference in assumptions	242,744	
Difference in projected and actual earnings on OPEB plan investments [actuarial (gains) or losses]	-	-
Employer's contributions to the OPEB plan subsequent to the measurement date	<u>27,083</u>	
	<u>\$ 269,827</u>	<u>\$ -</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$27,083 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Retiree Health Insurance

<u>Measurement Period Ended September 31,</u>	<u>Net deferred outflows (inflows) of resources</u>
2019	\$ (862,637)
2020	(862,637)
2021	(862,636)
2022	(862,636)
2023	<u>(862,636)</u>
Total	<u>\$ (4,313,182)</u>

TMRS Supplemental Death

<u>Measurement Year Ended December 31,</u>	<u>Net deferred outflows (inflows) of resources</u>
2018	\$ 41,637
2019	41,637
2020	41,637
2021	41,637
2022	41,637
Thereafter	<u>34,559</u>
Total	<u>\$ 242,744</u>

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

L. Fund Balance

At September 30, 2018, fund balances were classified as follows:

	General	Section 8	Streets CIP	Grants	Debt Service	Epic CIP	Nonmajor Governmental Funds	Total
Fund balances								
Nonspendable:								
Inventory and prepaids	\$ 2,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,272	\$ 79,015
Spendable:								
Restricted for:								
Employee Welfare	84,690	-	-	-	-	-	-	84,690
Library Memorials	45,391	-	-	-	-	-	-	45,391
At Risk Youths	36,657	-	-	-	-	-	-	36,657
Greg Hunter Scholarships	63,768	-	-	-	-	-	-	63,768
Prairie Paws Adoptions	213,926	-	-	-	-	-	-	213,926
Other	994	-	-	-	-	-	-	994
Section 8	-	823,893	-	-	-	-	-	823,893
Street Improvements	-	-	8,511,522	-	-	-	-	8,511,522
Debt Service	-	-	-	-	5,535,816	-	-	5,535,816
Epic	-	-	-	-	-	2,001,084	3,534,554	5,535,638
Park Venue	-	-	-	-	-	-	4,114,208	4,114,208
Streets	20,873	-	-	-	-	-	2,001,046	2,021,919
Crime	-	-	-	-	-	-	16,185,875	16,185,875
Hotel Motel	-	-	-	-	-	-	564,741	564,741
Police seizure	-	-	-	-	-	-	441,622	441,622
Municipal Court	-	-	-	-	-	-	463,153	463,153
Red Light Safety	-	-	-	-	-	-	2,310,388	2,310,388
Lake Parks	-	-	-	-	-	-	2,312,949	2,312,949
Public Improvement Districts	-	-	-	-	-	-	2,930,616	2,930,616
Tax Increment Financing	-	-	-	-	-	-	5,030,245	5,030,245
Other special revenue	-	-	-	-	-	-	311,112	311,112
Park Venue Capital Projects	-	-	-	-	-	-	9,831,688	9,831,688
Fire Capital Projects	-	-	-	-	-	-	4,369,258	4,369,258
Municipal Facilities Capital Projects	-	-	-	-	-	-	11,249,799	11,249,799
Other Capital Projects	-	-	-	-	-	-	1,935,404	1,935,404
Total restricted	466,299	823,893	8,511,522	-	5,535,816	2,001,084	67,586,658	84,925,272
Committed to:								
Street Improvements	-	-	16,785,545	-	-	-	-	16,785,545
Park Venue	-	-	-	-	-	-	2,034,476	2,034,476
Cable Operations	-	-	-	-	-	-	655,081	655,081
Cemetery Operations	-	-	-	-	-	-	2,385,569	2,385,569
Verizon Theatre	-	-	-	-	-	-	2,751,372	2,751,372
Drainage Capital Projects	-	-	-	-	-	-	12,328,198	12,328,198
Police Capital Projects	-	-	-	-	-	-	819,678	819,678
Other Capital Projects	-	-	-	-	-	-	2,782,387	2,782,387
Capital Lending/Reserve	-	-	-	-	-	-	12,298,922	12,298,922
Total committed	-	-	16,785,545	-	-	-	36,055,683	52,841,228
Assigned to:								
Home Match Cash	385,371	-	-	-	-	-	-	385,371
KGPB Commissions	4,374	-	-	-	-	-	-	4,374
Section 8 Relief	79,730	-	-	-	-	-	-	79,730
Police Memorials	6,984	-	-	-	-	-	-	6,984
Fire- State Supplemental Funds	2,209,831	-	-	-	-	-	-	2,209,831
Parks Education Foundation	10,078	-	-	-	-	-	-	10,078
Uptown Trust	8,098	-	-	-	-	-	-	8,098
First Offender Program	26,669	-	-	-	-	-	-	26,669
Kirby Creek Accessibility Garden	25,908	-	-	-	-	-	-	25,908
US Marshals Service Agreement	141,631	-	-	-	-	-	-	141,631
GPPD Boxing Program	18,292	-	-	-	-	-	-	18,292
GPPD Explorer Program	14,325	-	-	-	-	-	-	14,325
GPPD Mounted Patrol	558	-	-	-	-	-	-	558
Total assigned	2,931,849	-	-	-	-	-	-	2,931,849
Unassigned	30,344,160	-	-	(629,198)	-	-	-	29,714,962
Total fund balances	\$ 33,745,051	\$ 823,893	\$ 25,297,067	\$ (629,198)	\$ 5,535,816	\$ 2,001,084	\$ 103,718,613	\$ 170,492,326

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

M. Contracts, Commitments, and Contingent Liabilities

Federal and State Grants

The City participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City and Sports Corporation are contingently liable in respect of lawsuits and claims in the ordinary course of operations which, in the opinion of management, will not have material adverse effect on the combined financial statements.

Water Intake Facility Contract

The City entered into a contract with the Trinity River Authority (TRA) whereby TRA agreed to sell revenue bonds, and, to construct and operate water treatment, transmission and storage facilities necessary to supply treated water to several area cities. The City has also agreed contractually to pay TRA annually an amount sufficient to pay its pro rata share of the operation and maintenance expenses of the facilities and related debt service of its bonds. The project is not treated as a joint venture by the City since the project is managed and unilaterally controlled by TRA, the City has no equity interest in the project, and the City is not obligated for the repayment of TRA bonds.

Water Purchase Contracts

The City has a 30-year contract with the City of Dallas, which expires in 2042, for the purchase of water. Grand Prairie currently takes up to 33.8 million gallons a day (MGD), and pays a fixed demand charge plus a volume charge. The demand charge is based on current maximum demand or the highest demand established during the five preceding years, whichever is greater. Thus, even if the City were to stop purchasing water from Dallas, its obligation to pay the demand charge (\$262,058) would extend for five years. The maximum may be increased in future years as needed. Grand Prairie has two intake points for City of Dallas water with a contractual right obligating the City of Dallas to meet Grand Prairie's needs. Existing pipelines will provide up to 55 MGD.

A contract with the City of Fort Worth, effective until the year 2031, permits the City to purchase up to 2.5 MGD.

A contract with the City of Midlothian, executed in 2014 for a 30-year term, permits the City to purchase up to an average of 4.5 MGD during the term of the contract. Beginning in January 2016, the City began purchasing water from the City of Midlothian at an average rate of 0.478 MGD.

A contract with the City of Arlington, executed in 2011 for a 20-year term, allows the City to purchase up to 2.5 MGD maximum flow unless otherwise agreed to in writing. As of September 30, 2018, no water has been purchased through this contract.

Wastewater Treatment Contracts

The City has a 50 year contract with TRA, which will expire in 2023, for wastewater treatment. The City is billed for its prorated share of total wastewater costs, which was 12.03% during fiscal year 2018. The City must pay its prorated share of the debt service related to wastewater treatment facilities until the debt matures whether it contributes to flow or not.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

Mountain Creek Regional Wastewater System Contract (System)

The City entered into a contract in 2002 which is in effect for the entire useful life of the System. Although the City does not yet deliver flows to this System, the City is obligated to pay annual minimum fees equivalent to 21.9 million gallons of flow. For the fiscal year ended September 30, 2018, the City paid \$82,786 to the System.

Master and Other Agreements

The City and Texas NextStage, LP (NextStage) entered into agreements (development agreements, lease agreements and other ancillary agreements) on January 10, 2001, to design, develop and construct a performance hall (Performance Hall). Construction of the Performance Hall began in July 2000 and was completed in February 2001. Under the agreements, the City purchased the Performance Hall from NextStage for \$15 million with the proceeds from the \$17.9 million TIF tax and tax increment certificate of obligation bond issue in fiscal year 2001. NextStage initially leased the Performance Hall from the City under a twenty one-year lease. Effective September 18, 2002, Anschutz Texas, L. P. assumed the lease obligations of NextStage and became lessee and operator of the Performance Hall. The lease between the City and Anschutz Texas, L. P. expires January 23, 2023. Monthly lease payments from the lessee of the Performance Hall are used to pay debt service on bonds issued by the City for the purchase of the Performance Hall.

The City and the Texas Airhogs Baseball Club entered into agreements (development, lease, and other ancillary agreements) on June 26, 2007 to develop, construct and operate a minor league professional baseball stadium. The funding for the stadium was accomplished through a one-eighth cent sales tax approved by the citizens of Grand Prairie. Construction began in July 2007 and was completed in May 2008.

Ground Lease - The City entered into a lease agreement with the Sports Corporation for the land on which the stadium was built. The lease runs through June 25, 2036 with an annual base rent of \$50,000.

Stadium Lease - On October 19, 2016, the City entered into a four-year lease agreement with Nextel Promotional, LLC. In addition to Airhogs home baseball games, Nextel has unlimited use of the Stadium to hold other sporting and entertainment events. Nextel pays the City, in advance, a monthly lease payment of \$7,137 and ten percent of the total net profit generated by Nextel at, in, or through the stadium. Nextel is responsible for all utility services and the City is responsible for the maintenance of the building, landscaping, irrigation, art, and playgrounds.

Construction Commitments

The City has several approved outstanding major capital projects as of September 30, 2018. The City's total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$50,900,085. Funding for these contracts will be received through various capital projects funds and enterprise funds.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2018

N. Segment Information for Enterprise Funds

The City maintains five enterprise funds – water and wastewater, solid waste, golf, airport, and storm water utility activities. At September 30, 2018, the Municipal Airport Fund had outstanding revenue-backed certificates of obligations. Segment information for this Fund is as follows:

	Municipal Airport
	<u> </u>
Condensed statement of net position:	
Current assets	\$ 1,624,048
Capital assets	15,595,101
Deferred outflows of resources	<u>43,526</u>
Total assets and deferred outflows of resources	17,262,675
Current liabilities	432,972
Long-term liabilities	1,251,986
Deferred inflows of resources	<u>56,075</u>
Total liabilities and deferred inflows of resources	1,741,033
Net position: Net investment in capital assets	14,560,101
Net position: Unrestricted	<u>961,541</u>
Total net position	<u>\$ 15,521,642</u>
Condensed statement of revenues, expenses and changes in net position:	
Sales to customers	\$ 1,308,219
Intergovernmental revenue	67,537
Miscellaneous	<u>930,289</u>
Total operating revenues	2,306,045
Depreciation	869,597
Other operating expenses	<u>1,852,656</u>
Total operating expenses	2,722,253
Gain on property disposition	8,487
Interest expense	<u>(53,030)</u>
Total nonoperating revenues (expenses)	<u>(44,543)</u>
Loss before transfers	(460,751)
Transfers in	224,116
Transfers out	<u>(48,000)</u>
Change in net position	(284,635)
Net position at the beginning of the year	<u>15,806,277</u>
Restated Net position-beginning of year	<u>15,806,277</u>
Net position at the end of the year	<u>\$ 15,521,642</u>
Condensed statement of cash flows:	
Net cash provided (used) by:	
Operating activities	339,739
Noncapital financing activities	176,116
Capital and related financing activities	(747,314)
Investing activities	-
Beginning cash and cash equivalent balances	<u>300,683</u>
Ending cash and cash equivalent balances	<u>\$ 69,224</u>

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2018

O. Tax Abatements and Economic Incentive Agreements

The City has incentive agreements with companies which may refund or rebate certain amounts of taxes based on performance indicators. These agreements are governed by Chapter 312 of the Texas Local Government Code. Recipients may be eligible based on their impact to the City's economy, as usually measured by job creation. Agreements may also contain recapture or 'clawback' provisions in the event of non-performance of the agreement standards. The City's Management Services division reviews the performance of the companies under these agreements for their compliance with stated standards. As of the 2017 certified roll (used for 2018 fiscal year) the City's abatement agreements with seven companies resulted in \$54,157,220 in appraised values, totaling \$232,425 in taxes abated on the 2017 certified tax roll (used for the 2018 fiscal year).

P. Subsequent Events

On November 1, 2018, the City Council issued \$40,605,000 in Combination Tax and Revenue Certificates, Series 2018. The proceeds will be used to fund City capital improvements.

The City has evaluated all other events or transactions that occurred after September 30, 2018 up through March 14, 2019, the date the financial statements were available to be issued.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

(The Bonds, followed by the Certificates)

[Closing Date]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
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United States

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IN REGARD to the authorization and issuance of the “City of Grand Prairie, Texas, General Obligation Refunding Bonds, Series 2019,” dated August 15, 2019, in the principal amount of \$19,475,000 (the “Bonds”), we have examined into their issuance by the City of Grand Prairie, Texas (the “City”), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the City’s outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on February 15 in each of the years specified in an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance, an Escrow Agreement (the “Escrow Agreement”) between the City and The Bank of New York Mellon Trust Company, N.A. (the “Escrow Agent”) , a special report (the “Verification Report”) of Public Finance Partners LLC (the “Accountants”) and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations

refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report of the Accountants as to the sufficiency of cash and investments, if any, deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.



[Closing Date]

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IN REGARD to the authorization and issuance of the “City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A,” dated August 15, 2019, in the principal amount of \$34,910,000 (the “Certificates”), we have examined into their issuance by the City of Grand Prairie, Texas (the “City”), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City’s combined water and wastewater system in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX D

FORWARD DELIVERY CONTRACT

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Forward Delivery Contract

Re: City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019 (the “Bonds”)

Ladies and Gentlemen:

The Purchaser designated below and executing this instrument (the “Purchaser”) hereby agrees to purchase when, as, and if issued and delivered by the City of Grand Prairie, Texas (“City”) to Stifel, Nicolaus & Company, Incorporated, as representative of itself and BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (the “Representative”) and the Representative agrees to sell to the undersigned,

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield	Price
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of the above-referenced Bonds (the “Purchased Bonds”) offered by the City’s Preliminary Official Statement dated July 31, 2019 (including any amendments or supplements, the “Preliminary Official Statement”), receipt of a copy of which is hereby acknowledged, the Official Statement to be dated the date of the Bond Purchase Agreement (as defined below) (including any amendments or supplements, the “Official Statement”), and the Updated Official Statement (and any amendments or supplements thereto) to be dated a date not more than 25 nor less than ten days prior to the Settlement Date (defined below), at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Bonds), at the interest rates, in the principal amounts and with maturity dates shown above, and on the further terms and conditions set forth in this Forward Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the information under the heading “DELAYED DELIVERY – Certain Considerations Regarding the Forward Delivery of the Bonds” therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a “forward” basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Representative on or about November 19, 2019 (the “Settlement Date”) as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement between the City and the Representative (the “Bond Purchase Agreement”). Under the Bond Purchase Agreement, the City must deliver copies of the Official Statement within seven business days of the date of the Bond Purchase Agreement. A copy of the Bond Purchase Agreement is available from the Representative upon request.

Payment for the Purchased Bonds that the Purchaser has agreed to purchase on the Settlement Date shall be made to the Representative by wire transfer to a bank account specified by the Representative, on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the City of the Bonds and purchase thereof by the Representative, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder *shall be unconditional* unless:

- The City fails to deliver the Bonds as set forth in the Bond Purchase Agreement or fails or is unable to comply with all of the conditions to settlement set forth in the Bond Purchase Agreement by 10:00 a.m. Central Time on the Settlement Date, or
- the Representative terminates its agreement to purchase the Bonds on the Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Preliminary Official Statement under “DELAYED DELIVERY – Certain Considerations Regarding Forward Delivery of the Bonds.”

The Purchaser acknowledges that the market value of the Bonds as of the Settlement Date may be affected by a variety of factors between the date of this Forward Delivery Contract and the Settlement Date, including, without limitation, changes in general market conditions or the financial condition of the City or modifications to laws that may diminish the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on “state or local bonds,” that will not prevent the City from satisfying all material conditions precedent for the delivery of the Purchased Bonds. The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described and, except as described in the fourth paragraph of this Forward Delivery Contract, will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Forward Delivery Contract to the Representative before Settlement (i.e., delivery of the Bonds to, and payment for the Bonds by, the Representative) on the Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after

Settlement. The Purchaser also acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Representative of any Forward Delivery Contract (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Representative, it is requested that the Representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Representative and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

[NAME OF PURCHASER]

By: _____

Name: _____

Title: _____

Accepted: _____, 20__

Address: _____

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____

Name: _____

Title: _____

Financial Advisory Services
Provided By



GENERAL CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTIES OF DALLAS, ELLIS AND TARRANT	§ § §
	§
CITY OF GRAND PRAIRIE	§

WE, the undersigned, Mayor, City Secretary and City Manager, as officials of the City of Grand Prairie, Texas (the "City"), DO HEREBY CERTIFY with respect to the "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A" dated August 15, 2019 (the "Certificates"), as follows:

(1) Relative to Nonencumbrance.

Save and except for the pledge of the income and revenues of the City's combined water and wastewater system (the "System") to the payment of (a) the principal of and interest to become due with respect to the outstanding: (i) "City of Grand Prairie Water and Wastewater System Revenue Bonds, New Series 2010," (ii) "City of Grand Prairie Water and Wastewater System Revenue Refunding Bonds, New Series 2011," (iii) "City of Grand Prairie, Texas, Water and Wastewater System Refunding and Improvement Bonds, New Series 2011A", (iv) "City of Grand Prairie Water and Wastewater System Revenue Refunding Bonds, New Series 2013," (v) "City of Grand Prairie Water and Wastewater System Revenue Bonds, New Series 2014," (vi) "City of Grand Prairie Water and Wastewater System Revenue Refunding Bonds, New Series 2015," (vii) "City of Grand Prairie, Texas, Water and Wastewater System Revenue Refunding and Improvement Bonds, New Series 2016," (viii) "City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2017," (ix) "City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2017A," (x) "City of Grand Prairie, Texas, Water and Wastewater System Revenue Bonds, New Series 2019," (xi) the proposed "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Taxable Series 2019B" (the "2019B Certificates") and (xii) the proposed Certificates; (b) contracts with (i) the City of Dallas, Texas, for the purchase of water, (ii) the Trinity River Authority of Texas (the "Trinity River Authority") for the treatment of sewage, and (iii) the City of Fort Worth, Texas for the purchase of water; and (iv) the other obligations issued by the City which have a pledge thereof subordinate to the pledge of the obligations referenced in (a) and the contracts referenced in (b) hereof, said income and revenues of said System have not been pledged or hypothecated in any manner or for any other purpose; and the above obligations evidence the only liens, encumbrances or indebtedness of said System or against the income and revenues of such System.

(2) Relative to No-Default.

The City is not now in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues of the System.

All payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System have been made in full and the amounts currently on deposit to

the credit of all such special funds or accounts are the amounts now required to be deposited therein.

(3) Relative to Income and Revenues.

The following is a schedule of the gross receipts, operating expenses and net revenues of the System for the years stated:

<u>Fiscal Year Ending 9/30</u>	<u>Gross Receipts (\$)</u>	<u>Operating Expenses (\$)</u>	<u>Net Revenues (\$)</u>
2014	61,910,609	43,852,520	18,058,089
2015	65,213,261	46,785,802	18,427,459
2016	70,027,679	51,530,262	18,497,417
2017	73,024,382	55,531,071	17,493,311
2018	77,720,295	56,448,166	21,272,129

(4) Relative to Utility Properties.

The City secures its water from the Cities of Dallas and Fort Worth, Texas, pursuant to contracts for the purchase of treated water, in addition to City-owned wells. Wastewater treatment is provided under contract with Trinity River Authority.

As of the date hereof, no question is pending and no proceedings of any nature have been instituted in any manner questioning the City’s right and title to the System or its authority to operate the same.

(5) Relative to Water and Sewer Rates.

The monthly rates and charges now being charged by the City of Grand Prairie, Texas, for water and wastewater services are as shown in **Exhibit A** attached hereto.

(6) Relative to Tax Supported Indebtedness.

The total principal amount of outstanding indebtedness of the City, including the Certificates, the 2019B Certificates, the “City of Grand Prairie, Texas, General Obligation Refunding Bonds, Series 2019” (the “Bonds”) and the “City of Grand Prairie, Texas, Combination Tax and Revenue Notes, Taxable Series 2019 (the “Notes”), payable from ad valorem taxes levied and collected by the City is as follows:

OUTSTANDING INDEBTEDNESS* -----	\$ 243,790,000
THE CERTIFICATES -----	34,910,000
THE 2019B CERTIFICATES -----	34,305,000
THE BONDS -----	19,475,000
THE NOTES -----	<u>7,105,000</u>
 TOTAL INDEBTEDNESS -----	 \$ <u>339,585,000</u>

* does not include obligations being refunded by the Bonds.

(7) Relative to Debt Service Requirements.

A debt service requirement schedule for the City's outstanding indebtedness payable from ad valorem taxes levied and collected by the City, including the Certificates, the 2019B Certificates, the Bonds and the Notes, is attached hereto as **Exhibit B** and made a part of this certificate for all purposes.

(8) Relative to No Free Service.

No free services of the System have been allowed, and should the City or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

(9) Relative to No Petition.

No petition of any kind or character signed by at least 5% of the qualified electors of the City has been filed with the Mayor, City Secretary, or any other official of the City protesting the issuance of the Certificates.

(10) Relative to City Officials.

Certain duly qualified and acting officials of the City are as follows:

RON JENSON	MAYOR
TOM HART	CITY MANAGER
BECKY L. BROOKS	CHIEF FINANCIAL OFFICER
MEGAN MAHAN	CITY ATTORNEY
CATHERINE E. DIMAGGIO	CITY SECRETARY

(11) Relative to Incorporation.

The City is incorporated under the General Laws of the State of Texas, and is operating under the Home Rule Amendment of the Texas Constitution, Section 5, Article XI, as amended in 1912, the City Charter having been originally adopted at an election held on May 1, 1948. Said Charter has not been amended in any respect since the amendment adopted at the election held on May 4, 2002.

(12) Relative to Taxable Values.

The assessed value of all taxable property (net of exemptions) in the City, as shown by the tax rolls for the 2018/2019 tax year, and which have been duly approved and are the latest official assessment of taxable property in the City, is as follows:

TOTAL ASSESSED TAXABLE VALUES
OF REAL AND PERSONAL PROPERTY..... \$16,325,123,108

(13) Relative to Land Acquisition.

To the extent any Certificate proceeds are used to acquire real property, the City will satisfy the appraisal requirements of Section 252.051 of the Texas Local Government Code, as amended.

(14) Relative to No Prior Bond Propositions.

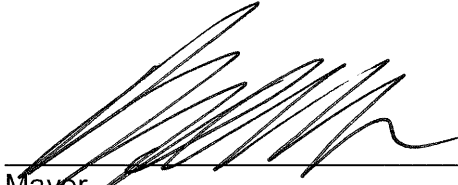
A bond proposition to authorize the issuance of bonds for the same purpose as that for which the Certificates are being issued has not been submitted to, and failed to be approved by, the voters of the City during the preceding three years.

(15) Relative to Contracts.

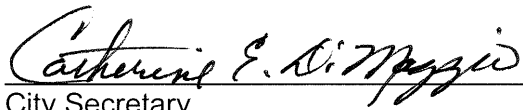
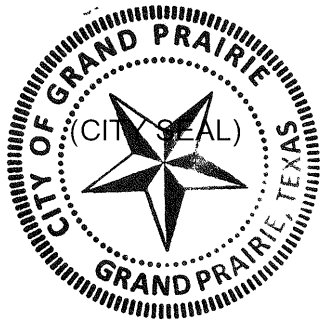
Prior to the execution of certain contracts related to the issuance of the Certificates, if applicable, the City received a completed disclosure of interested parties form and certification of filing (collectively a "Form 1295") from the business entity contracting with the City pursuant to the requirements of Texas Government Code Section 2252.908 and rules promulgated thereunder by the Texas Ethics Commission (the "TEC"). Not later than the 30th day after the date the contract for which a required Form 1295 was filed with the City, the City has or will notify the TEC, in an electronic format prescribed by the TEC, of the receipt of such Form 1295.

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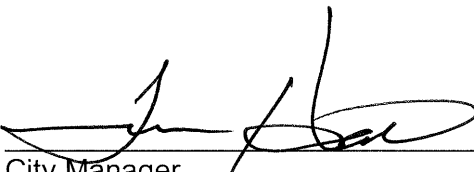
WITNESS OUR HANDS AND THE SEAL OF THE CITY OF GRAND PRAIRIE, TEXAS,
this the 6th day of August, 2019.



Mayor
City of Grand Prairie, Texas



Catherine E. DiMaggio
City Secretary
City of Grand Prairie, Texas



City Manager
City of Grand Prairie, Texas

EXHIBIT A

CURRENT WATER AND WASTEWATER RATES

Water Rates

Water rate per 1,000 gallons	
RESIDENTIAL	
Total Usage 3,000 Gallons or Less	\$0.12
Total Usage Over 3,000 Gallons up to 20,000 Gallons	\$4.04
After 1st 20,000 Gallons, Each Additional 1,000 Gallons	\$7.24
COMMERCIAL	\$4.50
INDUSTRIAL	\$4.50
GOVERNMENTAL	\$3.78
FIRE HYDRANTS	\$8.43
RAW WATER	\$8.43
Water Base (fixed charges per month)	
5/8" METER	\$14.82
1" METER	\$19.07
1 1/4" METER	\$22.81
1 1/2" METER	\$24.77
2" METER	\$40.78
3" METER	\$126.45
4" METER	\$156.76
6" METER	\$235.02
8" METER	\$327.10
10" METER	\$341.28
12" METER	\$359.10
EXTRA UNIT CHARGE	\$2.35

Wastewater Rates

Wastewater rate per 1,000 gallons	
RESIDENTIAL BILLED @ 80% UNTIL WMA IS ESTABLISHED; 12,000 GALLON MAXIMUM	\$4.13
COMMERCIAL BILLED @ 80%; NO MAXIMUM	\$5.34
INDUSTRIAL	\$5.34
GOVERNMENTAL	\$4.43

Wastewater Base (fixed charges per month)	
5/8" METER	\$13.51
1" METER	\$14.63
1 1/4" METER	\$17.06
1 1/2" METER	\$17.79
2" METER	\$21.21
3" METER	\$31.41
4" METER	\$41.70
6" METER	\$64.71
8" METER	\$91.54
10" METER	\$117.20
12" METER	\$131.30
EXTRA UNITS	\$3.11

EXHIBIT B
DEBT SERVICE SCHEDULE

City of Grand Prairie, Texas

Fiscal Year Ending 9/30	Outstanding Debt Service ⁽¹⁾			The Series 2019 Bonds			The Series 2019A Certificates			The Taxable Series 2019B Certificates			The Taxable Series 2019 Notes			Net General Obligation Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S	Principal	Interest	Total D/S		
2019	\$ 27,195,000	\$ 13,345,313	\$ 40,540,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,540,313	
2020	28,960,000	11,299,110	40,259,110	-	719,493	719,493	1,800,000	1,393,557	3,193,557	-	769,156	769,156	-	147,402	147,402	45,088,717	
2021	25,105,000	9,488,041	34,593,041	3,790,000	879,000	4,669,000	1,815,000	1,379,100	3,194,100	-	800,278	800,278	-	153,366	153,366	43,409,785	
2022	23,225,000	7,704,281	30,929,281	4,005,000	684,125	4,689,125	1,880,000	1,305,200	3,185,200	2,310,000	778,749	3,088,749	460,000	149,079	609,079	42,501,434	
2023	16,520,000	6,110,971	22,630,971	2,855,000	512,625	3,367,625	1,950,000	1,235,350	3,185,350	2,350,000	734,942	3,084,942	465,000	140,383	605,383	32,874,272	40.24%
2024	17,180,000	5,455,134	22,635,134	2,365,000	382,125	2,747,125	2,035,000	1,156,725	3,191,725	2,395,000	688,762	3,083,762	475,000	131,235	606,235	32,263,980	
2025	12,200,000	4,865,368	17,065,368	1,250,000	291,750	1,541,750	1,285,000	1,078,225	2,363,225	2,445,000	639,432	3,084,432	485,000	121,450	606,450	24,661,225	
2026	12,115,000	4,349,709	16,464,709	855,000	239,125	1,094,125	1,350,000	1,015,350	2,365,350	2,500,000	586,754	3,086,754	5,220,000	58,203	5,278,203	28,289,141	
2027	11,885,000	3,832,590	15,717,590	890,000	195,500	1,085,500	1,315,000	951,725	2,266,725	2,555,000	530,300	3,085,300	-	-	-	22,155,115	
2028	9,765,000	3,362,265	13,127,265	940,000	149,750	1,089,750	1,380,000	884,350	2,264,350	2,615,000	470,553	3,085,553	-	-	-	19,566,918	66.80%
2029	10,170,000	2,942,640	13,112,640	800,000	106,250	906,250	1,455,000	813,475	2,268,475	2,680,000	408,038	3,088,038	-	-	-	19,375,403	
2030	9,055,000	2,555,887	11,610,887	840,000	65,250	905,250	1,525,000	738,975	2,263,975	2,745,000	342,357	3,087,357	-	-	-	17,867,469	
2031	9,015,000	2,216,380	11,231,380	885,000	22,125	907,125	1,605,000	660,725	2,265,725	2,815,000	273,095	3,088,095	-	-	-	17,492,325	
2032	9,360,000	1,880,479	11,240,479	-	-	-	1,680,000	587,000	2,267,000	2,885,000	199,950	3,084,950	-	-	-	16,592,428	
2033	9,720,000	1,514,528	11,234,528	-	-	-	1,745,000	518,500	2,263,500	2,965,000	122,835	3,087,835	-	-	-	16,585,863	86.81%
2034	9,280,000	1,125,369	10,405,369	-	-	-	1,820,000	447,200	2,267,200	3,045,000	41,656	3,086,656	-	-	-	15,759,224	
2035	7,700,000	772,906	8,472,906	-	-	-	1,895,000	372,900	2,267,900	-	-	-	-	-	-	10,740,806	
2036	6,095,000	490,700	6,585,700	-	-	-	1,970,000	295,600	2,265,600	-	-	-	-	-	-	8,851,300	
2037	3,995,000	288,900	4,283,900	-	-	-	2,050,000	215,200	2,265,200	-	-	-	-	-	-	6,549,100	
2038	2,560,000	157,800	2,717,800	-	-	-	2,135,000	131,500	2,266,500	-	-	-	-	-	-	4,984,300	98.64%
2039	2,665,000	53,300	2,718,300	-	-	-	2,220,000	44,400	2,264,400	-	-	-	-	-	-	4,982,700	100.00%
	<u>\$ 263,765,000</u>	<u>\$ 83,811,670</u>	<u>\$ 347,576,670</u>	<u>\$ 19,475,000</u>	<u>\$ 4,247,118</u>	<u>\$ 23,722,118</u>	<u>\$ 34,910,000</u>	<u>\$ 15,225,057</u>	<u>\$ 50,135,057</u>	<u>\$ 34,305,000</u>	<u>\$ 7,386,856</u>	<u>\$ 41,691,856</u>	<u>\$ 7,105,000</u>	<u>\$ 901,117</u>	<u>\$ 8,006,117</u>	<u>\$ 471,131,817</u>	

(1) Interest on the Combination Tax & Tax Increment Revenue Certificates of Obligation, Series 2001 and Tax & Revenue Certificates of Obligation, Series 2008 is calculated at the maximum rate of 15%. Excludes the Refunded Obligations relating to the Series 2019 Bonds.

SIGNATURE AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTIES OF DALLAS, ELLIS AND TARRANT	§
	§
	§
CITY OF GRAND PRAIRIE	§

WE, the undersigned Mayor and City Secretary, as officials of the City of Grand Prairie, Texas (the "Issuer"), DO HEREBY CERTIFY with respect to the "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A" (the "Certificates"), dated August 15, 2019 (the "Certificate Date"), as follows:

1. The Certificates have been duly and officially executed by the undersigned with their manual or facsimile signature in the same manner appearing hereon, and the undersigned hereby adopt and ratify their respective signatures in the manner appearing on each of the Certificates whether in manual or facsimile form, as the case may be, as their true, genuine, and official signatures.

2. On the Certificate Date and on the date hereof, we were and are the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same.

3. We have caused the official seal of the Issuer to be impressed, imprinted or lithographed on the Certificates; and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the Issuer.

4. No litigation of any nature is now pending before any federal or state court, or administrative body, or to our knowledge threatened, seeking to restrain or enjoin the issuance or delivery of the Certificates or questioning the issuance or sale of the Certificates, the authority or action of the governing body of the Issuer relating to the issuance or sale of the Certificates, the levy of taxes, or the assessment or collection thereof to pay the principal of and interest on the Certificates, the collection of the revenues of the City's combined water and wastewater system (the "System"), or the imposition of rates and charges with respect to the System, pledged to pay the principal of and interest on the Certificates or that would otherwise adversely affect in a material manner the financial condition of the Issuer to pay the principal of and interest on the Certificates; and that neither the corporate existence or boundaries of the Issuer nor the right to hold office of any member of the governing body of the Issuer or any other elected or appointed officer of the Issuer is being contested or otherwise questioned.

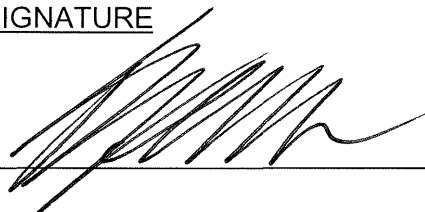
5. No petition or other request has been filed with or presented to any official of the Issuer requesting that any proceeding authorizing the issuance of the adopted by the governing body of the Issuer be submitted to referendum or other election; no authority or proceeding for the issuance, sale, or delivery of the Certificates, passed and adopted by the governing body of the Issuer, has been amended, repealed, revoked, rescinded, or otherwise modified since the date of passage thereof, and all such proceedings and authority relating to the issuance and sale of the Certificates remain in full force and effect as of the date of this certificate.

The Issuer hereby authorizes the Office of the Attorney General to date this certificate the date of delivery of its approving opinion, and agrees to notify the Office of the Attorney General of any changes with respect to this certificate or any bond documents to which the Issuer is a party that are made between the date of such opinion and the date of closing.

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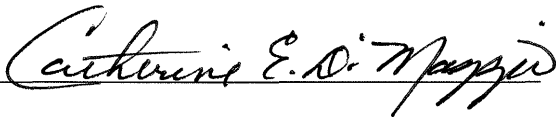
DELIVERED this AUG 29 2019.

SIGNATURE



OFFICIAL TITLE

Mayor
City of Grand Prairie, Texas

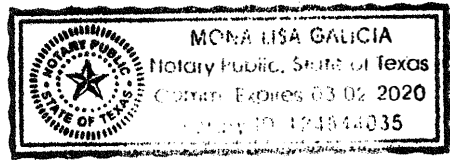


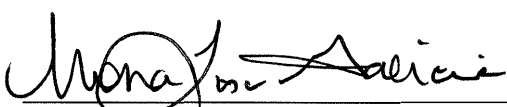
City Secretary
City of Grand Prairie, Texas

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public, on this day personally appeared Ron Jensen and Catherine E. DiMaggio, known to me to be the Mayor and City Secretary, respectively, of the City of Grand Prairie, Texas, and who in my presence each executed this instrument before me in the capacity represented and each of said person's signature is genuine.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this August 7th, 2019.





Notary Public, State of Texas

(NOTARY SEAL)

CLOSING CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTIES OF DALLAS, ELLIS AND TARRANT	§
	§
	§
CITY OF GRAND PRAIRIE	§

WE, the undersigned, City Manager and Chief Financial Officer, respectively, of the City of Grand Prairie, Texas (the "Issuer"), in conformity with the requirements of Section 8(g)(vi) and (vii) of the Certificate Purchase Agreement dated August 6, 2019 (the "Purchase Agreement"), by and between the Issuer and Stifel, Nicolaus & Company, Incorporated on behalf of itself, BOK Financial Securities, Inc. and Raymond James & Associates, Inc., do hereby deliver this certificate in connection with the delivery by the Issuer this date of the "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A" (the "Certificates"). The capitalized terms used herein shall have the meaning given them in the Purchase Agreement. Based upon the foregoing, the undersigned hereby certify that:

(i) The representations and agreements of the Issuer contained in the Purchase Agreement are true and correct in all material respects as of the date of the Closing;

(ii) The Legal Documents have been duly authorized and executed and are in full force and effect;

(iii) Except as described in the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement, no litigation is pending or, to our knowledge, threatened (a) seeking to restrain or enjoin the issuance or delivery of any of the Certificates, (b) in any way contesting or affecting any authority for the issuance of the Certificates or the validity of the Certificates, the Authorizing Ordinance or any Legal Document, (c) in any way contesting the creation, existence or powers of the Issuer or the validity or effect of the Act or any provision thereof or the application of the proceeds of the Certificates, or (d) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement as of its date and as of the date hereof and the Official Statement as of its date and as of the Closing Date or any Legal Document;

(iv) The Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of information in the Official Statement under the captions "THE OBLIGATIONS – Book-Entry-Only System" and "OTHER INFORMATION – Underwriters of the Obligations";

(v) The financial statements of the Issuer as of September 30, 2018 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth; and

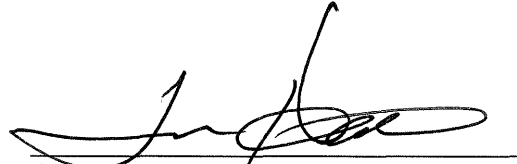
(vi) Except as disclosed in the Preliminary Official Statement and the Official Statement, since September 30, 2018, no materially adverse change has occurred, or

any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since September 30, 2018, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement.

[remainder of page intentionally left blank]

TO CERTIFY WHICH, this August 29th, 2019.

CITY OF GRAND PRAIRIE, TEXAS



City Manager



Chief Financial Officer

CERTIFICATE AS TO TAX EXEMPTION

The undersigned, being the duly chosen and qualified Chief Financial Officer of the City of Grand Prairie, Texas (the "Issuer"), hereby certifies with respect to "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A," dated August 15, 2019, in the principal amount of \$34,910,000 (the "Certificates"), as follows:

A. General.

1. I, along with other officers of the Issuer, am charged with the responsibility for issuing the Certificates.

2. This certificate is made pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and Treasury Regulations issued thereunder (the "Regulations").

3. This certificate is based upon the facts and estimates described herein in existence on this date, which is the date of delivery of the Certificates to and payment for the Certificates by the initial purchasers thereof, and, upon the basis of such facts and estimates, the Issuer expects that the future events described herein will occur.

B. Purpose and Size.

1. The Certificates are being issued pursuant to an Ordinance of the Issuer, adopted by the City Council of the Issuer on August 6, 2019 (hereinafter referred to as the "Ordinance") to pay contractual obligations of the Issuer to be incurred for (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iv) the acquisition, installation and improvement of municipal information technology systems, (v) acquiring, constructing and equipping park and recreational facilities and the acquisition of land and rights-of-way therefor (collectively, the "Projects") and (vi) professional services rendered in connection therewith. Any term used and not defined herein has the same meaning given to it in the Ordinance. The Issuer will treat all of the Projects as a single project under Section 1.141-6(a)(3) of the Regulations.

2. The Projects will be owned, operated, managed and maintained by the Issuer; the Issuer has not contracted with any person or entity to operate, manage and/or maintain the Projects or any part of them for and on behalf of the Issuer; and the Issuer does not expect to enter into any contract for the operation, maintenance or management of the Projects or any part of them.

3. There is not, and as of the date hereof the Issuer does not anticipate entering into, any lease, contract or other understanding or arrangement, such as a take-or-pay contract or output contract, with any person other than a state or local governmental unit pursuant to which the Issuer expects that proceeds of the Certificates, or the facilities financed therewith, will be used in the trade or business of such person (including all activities of such persons who are not individuals).

4. The amounts received from the sale of the Certificates, when added to the amounts expected to be received from the investment thereof, do not exceed the amounts required to pay the capital costs of the Projects and of issuing the Certificates.

5. No receipt from the sale of the Certificates or amounts received from the investment thereof will be used to pay the principal of or interest on any presently outstanding issue of bonds or other similar obligations of the Issuer other than the Certificates.

C. Source and Disbursement of Funds.

1. The Certificates are being issued and delivered to the underwriters (the "Underwriter") on the date hereof upon payment of the agreed purchase price.

2. The Issuer has received as a result of the sale of the Certificates to the Underwriter an amount equal to \$40,058,518.17, calculated as follows:

	<u>Amount (\$)</u>
Principal Amount of the Certificates	34,910,000.00
Reoffering Premium	5,332,064.00
Underwriter's Discount	<u>(183,545.83)</u>
TOTAL:	40,058,518.17

3. The Issuer has caused the deposit or disbursement of such amount as follows:

<u>Disposition</u>	<u>Amount (\$)</u>
Deposited to the construction fund	39,885,977.00
Disbursed to pay Costs of Issuance	<u>172,541.17</u>
TOTAL:	40,058,518.17

4. The Issuer estimates that approximately \$600,000 in income and profit will be received from the investment of the amounts deposited to the Construction Fund pending the disbursement of such amounts for the governmental purposes for which the Certificates are being issued. All of such income and profit are expected to be used to pay costs of the Projects, and if not needed for such purpose, will be deposited to the Certificate Account and used to pay principal of and interest on the Certificates within one year of receipt.

D. Temporary Periods and Time for Expenditures.

1. Within six months from the date hereof, the Issuer will have incurred binding obligations or commitments to third parties for the Projects in the amount of at least 5% of the net sales proceeds of the Certificates.

2. After entering into said contracts, completion of the Projects and the allocation of net sales proceeds of the Certificates to expenditures will proceed with due diligence.

3. The Issuer expects that all of the net sales proceeds of the Certificates will be spent within three years from the date hereof, and that all investment proceeds of the Certificates will be spent within one year from the date of receipt.

4. Approximately \$ -0- of the proceeds of the Certificates will be used to reimburse the Issuer for Project expenditures made by it from its own funds prior to the date hereof. With respect to such reimbursement, if any, the Issuer adopted official intent for the original expenditures (except for expenditures meeting the preliminary expenditures exception set forth in section 1.150-2(f)(2) of the Regulations) not later than 60 days after payment of the original expenditures, and a copy of such official intent is attached to this Certificate As To Tax Exemption. Except for expenditures meeting the preliminary expenditures exception set forth in section 1.150-2(f)(2) of the Regulations, the Certificates are being issued and the reimbursement allocation is hereby being made not later than 18 months after the later of (i) the date the original expenditures were paid, or (ii) the date the Projects are placed in service or abandoned, but in no event more than 3 years after the original expenditures were paid. The original expenditures were capital expenditures, and in connection with this allocation, the Issuer has not employed any abusive arbitrage device under section 1.148-10 of the Regulations to avoid the arbitrage restrictions or to avoid restrictions under section 142 through 147 of the Code.

5. The Issuer will account for the allocation of Certificate proceeds to an expenditure not later than 18 months after the later of the date the expenditure is paid or the date the Projects are placed in service; but in all events within 60 days after the earlier of the fifth anniversary of the date hereof or the retirement of the Certificates.

E. Certificate Account and Revenue Fund for the Certificates.

1. Pursuant to the Certificate Ordinance, the Issuer has levied a tax on all taxable property within the jurisdiction of the Issuer to pay principal of and interest on the Certificates as such become due, and such tax has been pledged to the payment of the Certificates. Amounts collected from such tax for the payment of the principal of and interest on the Certificates are to be deposited to the credit of the Certificate Account maintained on the books of the Issuer.

2. The Certificate Ordinance requires that all revenues received by the Issuer by reason of its ownership and operation of the System shall be deposited as received in the Revenue Fund, to be disbursed in the following order of priority:

a. to the payment of the reasonable and proper Maintenance and Operation Expenses of the System as defined in the Ordinance or required by statute or ordinances authorizing the Prior Lien Obligations to be a first charge on and claim against the revenues of the System;

b. to the payment of all amounts required to be deposited in the special funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations;

c. to the payment of the limited amounts required to be deposited in the special funds and accounts created and established for the payment of the Certificates (the Certificate Account) and Additional Certificates; and

d. for use by the Issuer for any other purpose of the Issuer now or hereafter permitted by law.

3. The Certificate Account will be maintained by the Issuer primarily to achieve a proper matching of revenues and debt service payments within each bond year. The Issuer expects that the following will occur with respect to the money in the Certificate Account:

a. The Certificate Account funds will be depleted at least once a year except possibly for a carryover amount not to exceed the larger of one year's income from the investment of the Certificate Account or one twelfth of annual debt service requirement on the Certificates;

b. All amounts deposited to the Certificate Account will be spent within 13 months of deposit; and

c. All amounts received from the investment of the Certificate Account will be deposited therein and will be expended within twelve months of receipt.

4. Except as described herein, no funds of the Issuer have been or will be pledged to payment of the principal of or interest on the Certificates or otherwise restricted so as to give reasonable assurance of the availability of such funds for such purpose.

F. Yield and Nonpurpose Investments.

1. No other obligations of the Issuer which are reasonably expected to be paid from substantially the same source of funds as the Certificates were sold within 15 days from the date the Certificates were sold except for the "City of Grand Prairie, Texas General Obligation Refunding Bonds, Series 2019" (the "Bonds"). The Certificates and the Bonds (jointly, the "Obligations") constitute a single issue for tax purposes because they were sold on the same date, pursuant to the same plan of financing and are reasonably expected to be paid from substantially the same source of funds, all within the meaning of Section 1.150-1(c) of the Regulations. In addition, pursuant to Section 1.150-1(c)(4)(iii) of the Regulations, the Issuer elects to treat the Obligations as the same issue.

2. The discount factor required to reduce the principal and interest to be paid on the Obligations to a present value on the date hereof, compounding semiannually, equal to the initial offering prices at which a substantial amount of each maturity of the Obligations was sold to the public is 1.724445%. In determining the issue price of the Certificates, the Issuer has relied on the Issue Price Certificate attached hereto as **Exhibit A** (the "Issue Price Certificate"). In the Issue Price Certificate, the underwriter provided certifications as to the first price at which at least 10% of each of the Certificates was sold to the public. The Issuer hereby identifies Section 1.148-1(f)(2)(i) of the Treasury Regulations as the rule that applies to determine the issue price of the Certificates.

3. As provided in the Ordinance, except as otherwise provided in Section 148(f) of the Code, the Issuer will account for proceeds of the Certificates separately from other funds of the Issuer and will compute and pay to the United States Treasury the Rebate Amount due with respect to the Certificates no less frequently than every five years, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by Section 148(f) of the Code and the regulations and rulings thereunder. For purposes of

determining whether the Certificates qualify as a “construction issue”, the Issuer elects to use actual facts as set forth in Treas. Reg. § 1.148-7(f)(2).

G. No Abusive Arbitrage Device.

1. In connection with the issuance of the Certificates, the Issuer has not employed any action which has the effect of overburdening the market for tax-exempt obligations by issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Certificates.

2. In connection with the issuance of the Certificates, the Issuer has not employed any action which has the effect of enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage.

H. Written Procedures.

1. The representations and covenants contained in this Certificate as to Tax Exemption and the Ordinance are hereby adopted by the Issuer to be written procedures to ensure compliance, including post-issuance compliance and record retention practices, with the rules applicable to tax-exempt obligations issued under Section 103 of the Code. The Issuer will maintain records that show compliance with the covenants and representations contained in this Certificate and the Ordinance, and with the requirements contained in the Code and Regulations related to tax-exempt obligations, while the applicable tax-exempt obligations remain outstanding and for a period of three years after redemption of the tax-exempt obligations.


2. The Issuer designates its Chief Financial Officer to have primary responsibility for monitoring post-issuance tax compliance with the covenants and representations contained in this Certificate and the Ordinance and with the requirements contained in the Code and regulations relating to tax-exempt obligations, including requirements relating to the maintenance and retention of records. The Chief Financial Officer may assign and delegate responsibilities as he or she deems necessary or appropriate. These officers will receive the following training with regard to their compliance monitoring responsibilities: consultations with professional advisors, review of written alerts and materials and attendance at professional meetings and seminars.

3. The Issuer will conduct compliance checks for its tax-exempt obligations at least annually. If the Issuer discovers a potential violation of a federal tax requirement, it will promptly take appropriate action, as needed, to maintain the tax-exemption of the applicable debt obligations, including consultation with professional advisors and taking remedial action as described in the Treasury Regulations, and/or other corrective action, such as through the Tax Exempt Bonds Voluntary Closing Agreement Program.

[Remainder of page intentionally left blank]

EXECUTED AND DELIVERED this August 29, 2019.

CITY OF GRAND PRAIRIE, TEXAS



Chief Financial Officer

*[signature page to Certificate as to Tax Exemption relating to
City of Grand Prairie, Texas, Combination Tax and Revenue
Certificates of Obligation, Series 2019A]*

EXHIBIT A
EXECUTED ISSUE PRICE CERTIFICATE

4

\$34,910,000
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2019A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Representative”), on behalf of itself and BOK Financial Securities, Inc. and Raymond James & Associates, Inc. (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Certificates”).

1. Sale of the Certificates. As of the date of this certificate, for each Maturity of the Certificates, the first price at which at least 10% of such Maturity of the Certificates was sold to the Public is the respective price listed in Schedule A.

2. Defined Terms.

(a) *Issuer* means the City of Grand Prairie, Texas.

(b) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is August 6, 2019.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Tax-Exemption with respect to the Certificates and with respect to compliance with the federal income tax rules affecting the Certificates, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other

federal income tax advice it may give to the Issuer from time to time relating to the Certificates. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By:  _____
Title: Director _____

By: _____
Title: _____

Dated: August 6, 2019

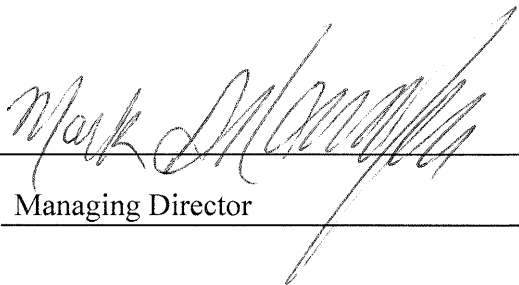
*[signature page to the Issue Price Certificate relating to the
City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A]*

federal income tax advice it may give to the Issuer from time to time relating to the Certificates. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Representative

By: _____

Title: _____

By:  _____
Title: Managing Director

Dated: August 6, 2019

*[signature page to the Issue Price Certificate relating to the
City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A]*

SCHEDULE A

SALE PRICES OF THE CERTIFICATES

Maturity Date	Principal	Coupon	Price	Issue Price
2/15/2020	1,800,000.00	4.000%	101.357	1,824,426.00
2/15/2021	1,815,000.00	4.000%	104.280	1,892,682.00
2/15/2022	1,880,000.00	4.000%	107.123	2,013,912.40
2/15/2023	675,000.00	2.000%	103.116	696,033.00
2/15/2023	1,275,000.00	4.000%	109.893	1,401,135.75
2/15/2024	300,000.00	2.000%	103.951	311,853.00
2/15/2024	1,735,000.00	5.000%	116.980	2,029,603.00
2/15/2025	1,285,000.00	5.000%	120.262	1,545,366.70
2/15/2026	200,000.00	2.000%	104.577	209,154.00
2/15/2026	1,150,000.00	5.000%	123.136	1,416,064.00
2/15/2027	1,315,000.00	5.000%	125.984	1,656,689.60
2/15/2028	1,380,000.00	5.000%	128.262	1,770,015.60
2/15/2029	1,455,000.00	5.000%	127.349	1,852,927.95
2/15/2030	1,525,000.00	5.000%	126.623	1,931,000.75
2/15/2031	1,605,000.00	5.000%	125.993	2,022,187.65
2/15/2032	1,680,000.00	4.000%	116.256	1,953,100.80
2/15/2033	1,745,000.00	4.000%	115.243	2,010,990.35
2/15/2034	1,820,000.00	4.000%	114.491	2,083,736.20
2/15/2035	1,895,000.00	4.000%	113.909	2,158,575.55
2/15/2036	1,970,000.00	4.000%	113.496	2,235,871.20
2/15/2037	2,050,000.00	4.000%	113.166	2,319,903.00
2/15/2038	2,135,000.00	4.000%	112.838	2,409,091.30
2/15/2039	2,220,000.00	4.000%	112.511	2,497,744.20

Information Return for Tax-Exempt Governmental Bonds

Under Internal Revenue Code section 149(e)
See separate instructions.

OMB No. 1545-0720

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.
Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Grand Prairie, Texas		2 Issuer's employer identification number (EIN) 75-6000543	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 317 College Street	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Grand Prairie, Texas 75050		7 Date of issue August 29, 2019	
8 Name of issue City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2019A		9 CUSIP number 386138ZH7	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Becky L. Brooks, Chief Financial Officer		10b Telephone number of officer or other employee shown on 10a 972-237-8090	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe public safety, library, municipal facilities, streets, information technology, parks/recreation	18 40,242,064
19a If bonds are TANs or RANs, check only box 19a <input type="checkbox"/>	
19b If bonds are BANs, check only box 19b <input type="checkbox"/>	
20 If bonds are in the form of a lease or installment sale, check box <input type="checkbox"/>	

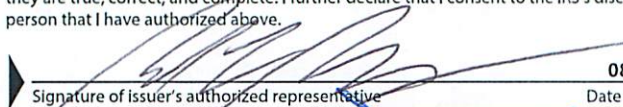

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/15/2039	\$ 40,242,064	\$ 34,910,000	8.3224 years	1.7244 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest	22	0	
23	Issue price of entire issue (enter amount from line 21, column (b))	23	40,242,064	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	356,087	
25	Proceeds used for credit enhancement	25	0	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	0	
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	0	
29	Total (add lines 24 through 28)	29	356,087	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	39,885,977	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded <input type="checkbox"/> _____ years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded <input type="checkbox"/> _____ years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) <input type="checkbox"/> _____
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY) <input type="checkbox"/> _____

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____		
c	Enter the EIN of the issuer of the master pool bond ▶ _____		
d	Enter the name of the issuer of the master pool bond ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box ▶		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶		<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box ▶		<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	08/29/2019 Date	Becky L. Brooks, Chief Financial Officer Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Joyce Ellis		08/29/2019	PTIN PO1077082
	Firm's name ▶ Norton Rose Fulbright US LLP	Firm's EIN ▶	74-1201087	
	Firm's address ▶ 2200 Ross Avenue, Suite 3600, Dallas, Texas 75201	Phone no.	(214) 855-8007	

NORTON ROSE FULBRIGHT

August 29, 2019

Certified Article Number

9414 7266 9904 2126 3155 51

SENDER'S RECORD

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

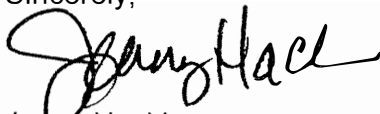
INTERNAL REVENUE SERVICE
Ogden, Utah 84201

Re: City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation,
Series 2019A

Ladies and Gentlemen:

Enclosed is an original of an Information Return for Tax-Exempt Governmental Obligations
(Form 8038-G) prepared in connection with the above-referenced financing.

Sincerely,



Jenny Hackler
Senior Paralegal

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Direct line +1 214 855 8025
jenny.hackler@nortonrosefulbright.com

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

U.S. Postal Service® CERTIFIED MAIL® RECEIPT Domestic Mail Only

USPS® ARTICLE NUMBER

9414 7266 9904 2126 3155 51

Certified Mail Fee	\$	3.50
Return Receipt (Hardcopy)	\$	2.80
Return Receipt (Electronic)	\$	
Certified Mail Restricted Delivery	\$	
Postage	\$	1.15
Additional Postage and Fees	\$	7.45

Postage paid to:
Department of the Treasury
Internal Revenue Service Center
OGDEN, UT 84201
US

Reference Information

JH08174/1001005601/-Hackler, Jenny



Return Receipt (Form 3811) Barcode



9590 9266 9904 2126 3155 54

1. Article Addressed to:

Department of the Treasury
Internal Revenue Service Center
OGDEN, UT 84201
US

AUG 29 2019

2. Certified Mail (Form 3800) Article Number

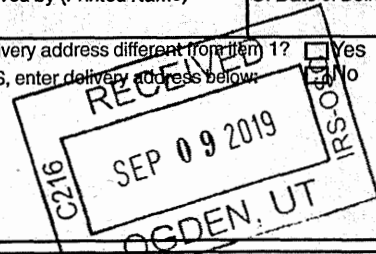
9414 7266 9904 2126 3155 51

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:



3. Service Type:
 Certified Mail
 Certified Mail Restricted Delivery

Reference Information

JH08174/1001005601/-Hackler, Jenny -
Grand Prairie CO 2019A





KEN PAXTON
ATTORNEY GENERAL OF TEXAS

August 27, 2019

THIS IS TO CERTIFY that the City of Grand Prairie, Texas (the "Issuer"), has submitted the City of Grand Prairie, Texas Combination Tax and Revenue Certificate of Obligation, Series 2019A (the "Certificate") in the principal amount of \$34,910,000 for approval. The Certificate is dated August 15, 2019, numbered T-1, and was authorized by Ordinance No. 10678-2019 of the Issuer passed on August 6, 2019 (the "Ordinance").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.


As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to the official statement or any other offering material relating to the Certificate.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Ordinance):

- (1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Certificate is payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the Issuer and is additionally payable from and secured by a lien on and limited pledge of the Net Revenues of the Issuer's System, as provided in the Ordinance.

Therefore, the Certificate is approved.


Attorney General of the State of Texas

No. 66335
Book No. 2019-C
MA

*See attached Signature Authorization

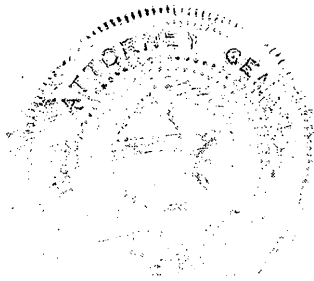
OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS


§
§
§

I, KEN PAXTON, Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, district, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supersedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 5th day of January, 2015.




KEN PAXTON
Attorney General of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, GLENN HEGAR, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

City of Grand Prairie, Texas Combination Tax and Revenue Certificate of Obligation, Series 2019A

numbered T-1, of the denomination of \$ 34,910,000, dated August 15, 2019, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 27th day of August 2019, under Registration Number 92451.

Given under my hand and seal of office, at Austin, Texas, the 27th day of August 2019.

A handwritten signature in black ink, appearing to read "Glenn Hegar", written in a cursive style.

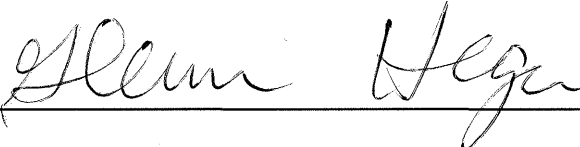
GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS


I, Jennifer Hardy, Bond Clerk Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 27th day of August 2019, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

City of Grand Prairie, Texas Combination Tax and Revenue Certificate of Obligation, Series 2019A,

numbered T-1, dated August 15, 2019, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 27th day of August 2019.



I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 92451.

GIVEN under my hand and seal of office at Austin, Texas, this the 27th day of August 2019.



GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

August 29, 2019

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the “City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A,” dated August 15, 2019, in the principal amount of \$34,910,000 (the “Certificates”), we have examined into their issuance by the City of Grand Prairie, Texas (the “City”), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City’s combined water and wastewater system in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A"

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

August 29, 2019

Norton Rose Fulbright US LLP
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Dallas, Texas 75201-7932
United States

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Fax +1 214 855 8200
nortonrosefulbright.com

City of Grand Prairie, Texas
317 College Street
Grand Prairie, Texas 75050

Stifel, Nicolaus & Company, Incorporated
BOK Financial Securities, Inc.
Raymond James & Associates, Inc.
c/o Stifel, Nicolaus & Company, Incorporated
70 Northeast Loop 410, Suite 295
San Antonio, Texas 78216

Re: \$34,910,000 "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A," dated August 15, 2019 (the "Certificates")

Ladies and Gentlemen:

In reference to the issuance and sale of the Certificates and our serving as Bond Counsel for the City of Grand Prairie, Texas (the "Issuer"), we prepared the ordinance authorizing the issuance of the Certificates, adopted by the City Council of the Issuer on August 6, 2019 (the "Ordinance"). The Ordinance approved and authorized the distribution of the final Official Statement, dated August 6, 2019 (the "Official Statement"), relating to the Certificates and approved and authorized the execution of the Certificate Purchase Agreement, dated August 6, 2019 (the "Purchase Agreement") with Stifel, Nicolaus & Company, Incorporated, BOK Financial Securities, Inc. and Raymond James & Associates, Inc., as underwriters of the Certificates. Terms not otherwise defined herein shall have the same meanings set forth in the Purchase Agreement.

In our capacity as Bond Counsel for the Issuer, we have on this date delivered our opinion regarding the legality of the Certificates. You are hereby authorized to rely on such opinion as if the same was addressed to you.

We have examined such documents and satisfied ourselves as to such matters as we have deemed necessary in order to enable us to express the opinions set forth below.

A. The Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State of Texas.

B. The Ordinance has been duly adopted by the Issuer and is in full force and effect.

C. We have not verified and are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the

Page 2 of Supplemental Legal Opinion of Norton Rose Fulbright US LLP

Re: "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A"

Preliminary Official Statement and the Official Statement, but we have reviewed the information contained therein under the captions "PLAN OF FINANCING", "THE OBLIGATIONS" (except for the information under the subcaptions "Book-Entry-Only System," "Obligationholders' Remedies" and the last sentence under "Tax Rate Limitations"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "Registration and Qualification of Obligations for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Opinions" (except for the last sentence of the first paragraph thereof) under the caption "OTHER INFORMATION" and we are of the opinion that the information contained in such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the provisions of the Ordinance.

D. The Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

Norton Rose Fulbright US LLP

August 29, 2019

Stifel, Nicolaus & Company, Incorporated,
as Representative of a Group of Underwriters
70 Northeast Loop 410, Suite 295
San Antonio, Texas 78216

Re: City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation,
Series 2019A

Ladies and Gentlemen:

We have acted as counsel for you as the representative of a group of underwriters of the Certificates of Obligation identified above (the "Certificates"), issued under and pursuant to an ordinance adopted by the City Council of the City of Grand Prairie, Texas (the "Issuer") on August 6, 2019 (the "Ordinance") authorizing the issuance of the Certificates, which Certificates you are purchasing pursuant to a Certificate Purchase Agreement (the "Certificate Purchase Agreement") dated August 6, 2019 (such purchase being referred to herein as the "Transaction"). All capitalized undefined terms used herein shall have the meaning set forth in the Certificate Purchase Agreement.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certifications and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery or validity of the Certificates and we have assumed, but not independently verified, that the signatures on all documents and certificates that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Preliminary Official Statement dated July 31, 2019 (the "Preliminary Official Statement") and the Official Statement dated August 6, 2019 (the "Official Statement") and because the information in the Preliminary Official Statement and the Official Statement included under the captions and subcaptions "THE

OBLIGATIONS - Book-Entry-Only System” and “TAX MATTERS” and Appendices A and C thereto were prepared by others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for the information contained under such captions and subcaptions and appendices, and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of other statements contained in the Preliminary Official Statement and the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our participation in the preparation of the Preliminary Official Statement and the Official Statement as your counsel, we had discussions with representatives of the Issuer, including its Financial Advisor, Disclosure Counsel and Bond Counsel, and you regarding the contents of the Preliminary Official Statement and the Official Statement. On the basis of the foregoing and in reliance thereon and on the certificates, opinions and other documents herein mentioned (relying as to materiality to a large extent upon the officials and other representatives of the Issuer) we advise you that no facts came to our attention which would lead us to believe that the Preliminary Official Statement, as of its date and as of the date of the Certificate Purchase Agreement, and the Official Statement, as of its date and as of the date of Settlement (in each case, except for the financial statements and other financial, forecast, technical and statistical statements and data contained therein, the information set forth under the captions and subcaptions “THE OBLIGATIONS - Book-Entry-Only System” and “TAX MATTERS” and Appendices A and C thereto, as to which we express no opinion), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”) and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertaking of the Issuer contained in the Ordinance; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertaking, and in reliance on the opinion of Bond Counsel that the Ordinance has been duly adopted by the Issuer and is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, we have no reason to believe that such undertaking does not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertaking provides a suitable basis for you, as the underwriters of the Certificates, and any other broker, dealer or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Certificates, to make a reasonable determination that the Issuer has met the qualifications of paragraph (b)(5)(i) of the Rule.

In addition to the limitations set forth in the preceding paragraphs, we have not been requested to review, nor have we reviewed, any records or contracts of the Issuer or the basis for any representations made by representatives of the Issuer, and the foregoing is subject to the material, statements, and other data contained in the records or contracts of the Issuer and any such representations, to the extent they are reflected in the Official Statement, not containing any untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained in the Official Statement, in the light of the circumstances under which they were made, not misleading.

You are reminded that this opinion expresses our professional judgment as to the legal issues explicitly addressed herein. In rendering this opinion we do not become an insurer or guarantor of the expression of professional judgment, of the Transaction, or of the future performance of the parties to the Transaction. Nor does this opinion guarantee the outcome of any legal dispute that may arise out of or relate to the Transaction.

This opinion is issued to you and for your sole benefit and is issued for the sole purpose of the Transaction. No person other than you may rely upon this opinion without our express written consent. This opinion may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We assume no obligation to review or supplement this opinion subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action (including, without limitation, publication by the Securities and Exchange Commission of further interpretive guidance relating to the Rule), by judicial decision, or by any other action. The opinions expressed herein are limited to the matters specifically set forth herein, and no other opinions should be inferred beyond the matters expressly stated.

Our opinions herein are limited in all respects to the federal laws of the United States of America and the laws of the State of Texas, and we do not express any opinion as to the applicability of or the effect thereon of the laws of any other state or other jurisdiction.

Respectfully submitted,

Loike Lora LLP

WEST & ASSOCIATES L.L.P.
ATTORNEYS AND COUNSELORS AT LAW

ROYCE WEST
DIANA LAQUEY EZZELL
CRAIG A. CAPUA
TONYA TARPEH
VERETTA L. FRAZIER
DEANNE PRICE CLAIRE
MICHAEL C. LACTSON
NICOLE COLLIER
BREE WEST
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DALLAS, TEXAS 75203

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101 S. JENNINGS AVENUE
SUITE 210
FORT WORTH, TEXAS
76104
OFFICE: 817-877-1881
FAX: 817-458-4695

OF COUNSEL
ANTHONY LYONS
GARY BOND

August 29, 2019

City of Grand Prairie, Texas
317 College Street
Grand Prairie, Texas 75050

Re: \$34,910,000 City of Grand Prairie, Texas Combination Tax and Revenue
Certificates of Obligation, Series 2019A

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Grand Prairie, Texas (the "Issuer") in the sale of an aggregate amount of \$34,910,000 of its Combination Tax and Revenue Certificates of Obligation, Series 2019A (the "Certificates"), pursuant to the provisions of the ordinance adopted by the City Council of the Issuer on August 6, 2019 authorizing their issuance (the "Authorizing Ordinance").

In our capacity as Disclosure Counsel, we have participated in certain conferences with representatives of the Issuer, Bond Counsel, Underwriters' Counsel and the Financial Advisor to the Issuer. As your counsel, we have reviewed (i) the Certificate Ordinance, (ii) the preliminary official statement for the Certificates dated July 31, 2019 (the "Preliminary Official Statement"), and (iii) the official statement for the Certificates dated August 6, 2019 (the "Official Statement"). We have also reviewed the originals or copies, certified or otherwise identified to our satisfaction, of records, documents, certificates and opinions of the Issuer as we deem relevant to our review of the Preliminary Official Statement and the Official Statement.

Based on our review of the documents described above and such other matters as we deem relevant, we are of the opinion that the offer and sale of the Certificates to the public is exempt from registration under the Securities Act of 1933, as amended, and, in connection therewith, the Ordinance need not be qualified under the Trust Indenture Act of 1939, as amended.

The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Preliminary Official Statement or the Official Statement, and we have not undertaken to independently verify any of such factual matters. In arriving at the beliefs hereinafter expressed, we are not expressing any opinion or belief on, and with your permission

are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Certificates, and the legality, validity and enforceability of the Certificate Ordinance, and any laws, documents or instruments that may be related to the issuance, payment or security of the Certificates. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine and all copies conform to the originals.

Although we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement, we advise you that, based on our participation in the above-mentioned conferences and in reliance thereon and on the oral and written statements and representations of the Issuer and others and certificates, opinions and other documents herein mentioned, nothing has come to the attention of the attorneys in our firm rendering legal services to you in connection with the Preliminary Official Statement or the Official Statement that leads us to believe that the Preliminary Official Statement, as of its date, or the Official Statement, as of its date and all times subsequent thereto during the period up to and including the date hereof, (except in each case as to (i) any financial statements or other financial, accounting, forecast, technical and statistical statements and data included in the Preliminary Official Statement and the Official Statement (including in each case any appendices, schedules, exhibits and addenda thereto) and (ii) the information regarding the Depository Trust Company and its book-entry-only system, as to which we are not called upon and do not express any view) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or belief rendered with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter may be relied upon only by the addressee hereof and may not be used or relied upon by any other person for any purpose whatsoever without in each instance our prior written consent. We disclaim any obligation to update this letter.

Very truly yours,

West & Associates, L.L.P.



1201 Elm Street
 Suite 3500
 Dallas, Texas 75270

(214) 953-4195 Direct
 (214) 392-0573 Cell

James S. Sabonis
 Managing Director

jim.sabonis@hilltopsecurities.com

August 29, 2019

Ms. Becky Brooks
 City of Grand Prairie
 317 College Street
 Grand Prairie, TX 75050

Mr. Dane Kopinski
 Stifel, Nicolaus & Company, Incorporated
 70 Northeast Loop 410, Suite 295
 San Antonio, TX 78216

Mr. Kayshellyn Lewis
 The Bank of New York Mellon Trust Co.
 2001 Bryan Street, 11th Floor
 Dallas, TX 75201

Re: Closing Instructions with respect to the \$34,910,000 City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2019A (the "Certificates")

Payment for the above referenced Certificates is scheduled to occur at 10:00 A.M. CDT on Thursday, August 29, 2019 (the "Closing Date"), and payment therefor is to occur at the offices of The Bank of New York Mellon Trust Company, NA (the "Paying Agent"), Dallas, TX.

(A) On the Closing Date, the Paying Agent will receive for the account of the City of Grand Prairie, Texas (the "City") from Stifel, Nicolaus & Company, Incorporated ("Stifel"), in payment of the purchase price for the Certificates, the sum of:

Principal Amount of the Certificates.....	\$34,910,000.00
Plus: Premium.....	5,332,064.00
Less: Underwriter's Discount.....	(183,545.83)
Total to be Received from Stifel for the Certificates	<u>\$40,058,518.17</u>

TOTAL TO BE RECEIVED BY THE PAYING AGENT..... \$40,058,518.17

Instructions for wiring funds to the Paying Agent are as follows:

The Bank of New York Mellon Trust Company, N.A.
 ABA #021 000 018,
 Acct: 4284898400
 Ref: Grand Prairie CO 2019A
 Attn: Kayshellyn Lewis, (214) 468-5101, kayshellyn.lewis@bnymellon.com

(B) On the Closing Date the Paying Agent is instructed to disburse the funds described in paragraph (A) as follows:

(1) Transmit by wire transfer to TexPool, State Street Bank and Trust Co, ABA# 011000028, Acct# 67573774, Location 78195, Pool# 449, Acct# 2200300001, for City of Grand Prairie, for the project fund, the sum of.....	\$ 39,885,977.00
(2) Transmit by wire transfer to TexPool, State Street Bank and Trust Co, ABA# 011000028, Acct# 67573774, Location 78195, Pool# 449, Acct# 2200300001, for City of Grand Prairie, for the estimate costs of issuance, the sum of	90,559.07
(3) Transmit by wire transfer to HSBC, Buffalo, NY, ABA# 021001088, Acct# 827023227, Account: Hilltop Securities Inc. FFC: Inv. 1001005601-CO 2019A, for Bond Counsel Services (\$45,910.00) and reimbursement of AG fee (\$9,500.00), the sum of.....	55,410.00
(4) Transmit by wire transfer to American National Bank of Texas, ABA# 11901519, Acct# 4300131557, Account: West & Associates, L.L.P. FFC: Inv. 08152019CO's, for Disclosure Counsel Services, the sum of.....	25,822.10

(5) Retain in payment of services rendered as Paying Agent/Registrar for the Certificates (\$750),
the sum of..... 750.00

TOTAL AMOUNT DISBURSED \$40,058,518.17

Upon closing the good faith check will be returned via overnight delivery to Stifel, Nicolaus & Company, Incorporated.

The cooperation of the addressees regarding the receipt and disbursement of funds in accordance with the above instructions on behalf of the City is greatly appreciated. If you have any questions or cannot comply with any portion of these wiring instructions, please contact me at (214) 953-4195.

Sincerely,



James S. Sabonis
Managing Director

- cc: Mr. Brady Olson, City of Grand Prairie
Mr. Robert Dransfield, Norton Rose Fulbright US LLP
Ms. Jenny Hackler, Norton Rose Fulbright US LLP
Mr. Andre Ayala, Hilltop Securities Inc.
Mr. Jorge Delgado, Hilltop Securities Inc.
Mrs. Penny Brooker, Hilltop Securities Inc.
Ms. Kathy Scott, Hilltop Securities Inc.
Mr. Stephen Bell, Stifel, Nicolaus & Company, Incorporated.
Mr. Matthew Johansen, Stifel, Nicolaus & Company, Incorporated.
Mr. Alex Palazzolo, Stifel, Nicolaus & Company, Incorporated.
Mr. Josh McLaughlin, BOK Financial Securities, Inc.
Ms. Alison Long, BOK Financial Securities, Inc.
Mr. Cole DeKinder, BOK Financial Securities, Inc.
Mr. Jim Buie, Raymond James & Associates, Inc.
Mr. Buddy Kempf, Raymond James & Associates, Inc.
Mr. Kevin Twining, Locke Lord LLP
Mr. Michael Schulman, Locke Lord LLP
Ms. Tonya Tarpeh, West & Associates L.L.P.
Mr. Michael Lactson, West & Associates L.L.P.
Ms. Judith Blackwell, West & Associates L.L.P.

RECEIPT AND DISBURSEMENT OF FUNDS

The Bank of New York Mellon Trust Company, N.A. hereby acknowledges receipt this day of the total sum of \$40,058,518.17 for the account of the City of Grand Prairie, Texas from Stifel, Nicolaus & Company, Incorporated, BOK Financial Securities, Inc. and Raymond James & Associates, Inc., the purchasers of the "CITY OF GRAND PRAIRIE, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2019A," dated August 15, 2019, in the aggregate principal amount of \$34,910,000 (the "Certificates"), in payment of the purchase price for the Certificates as follows:

PRINCIPAL AMOUNT	\$34,910,000.00
PLUS: REOFFERING PREMIUM	5,332,064.00
LESS: UNDERWRITER'S DISCOUNT	<u>(183,545.83)</u>
 TOTAL AMOUNT RECEIVED ON DELIVERY OF THE CERTIFICATES	 <u>40,058,518.17</u>

Furthermore, the undersigned has on the date of this receipt disbursed the above amount of funds in accordance with the instructions received.

DELIVERED, this August 29, 2019.

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Dallas, Texas,
as Paying Agent/Registrar

By: J. Hardaway
Title: Associate

S&P Global Ratings

500 North Akard Street
Ross Tower, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.: 1574853

July 25, 2019

City of Grand Prairie
317 College Street
Grand Prairie, TX 75050
Attention: Ms. Becky Brooks, Chief Financial Officer

Re: ***US\$38,340,000 City of Grand Prairie, Texas (Dallas, Tarrant and Ellis Counties), Combination Tax and Revenue Certificates of Obligation, Series 2019A, dated: August 15, 2019, due: February 15, 2039***

Dear Ms. Brooks:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AAA" . S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

ns

enclosures

cc: ***Mr. Andre Ayala***
Mr. James S. Sabonis
Ms. Penny Brooker

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

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RatingsDirect®

Summary:

Grand Prairie, Texas; General Obligation

Primary Credit Analyst:

Daniel Golliday, Farmers Branch + 1 (214) 765 5881; daniel.golliday@spglobal.com

Secondary Contact:

Andy A Hobbs, Farmers Branch + 1 (972) 367 3345; Andy.Hobbs@spglobal.com

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Rationale

Outlook

Related Research

Summary:

Grand Prairie, Texas; General Obligation

Credit Profile

US\$53.655 mil comb tax & rev certs of oblig ser 2019B dtd 08/15/2019 due 02/15/2034		
<i>Long Term Rating</i>	AAA/Stable	New
US\$38.34 mil comb tax & rev certs of oblig ser 2019A dtd 08/15/2019 due 02/15/2039		
<i>Long Term Rating</i>	AAA/Stable	New
US\$19.975 mil GO rfdg bnds ser 2019 dtd 08/15/2019 due 02/15/2031		
<i>Long Term Rating</i>	AAA/Stable	New
US\$7.16 mil comb tax & rev tax nts ser 2019 dtd 08/15/2019 due 02/15/2026		
<i>Long Term Rating</i>	AAA/Stable	New

Rationale

S&P Global Ratings has assigned its 'AAA' long-term rating to Grand Prairie, Texas' series 2019 general obligation (GO) refunding bonds, series 2019 combination tax and revenue tax notes, series 2019A combination tax and revenue certificates of obligation and revenue tax notes, and series 2019B combination tax and revenue certificates of obligation. At the same time, S&P Global Ratings affirmed its 'AAA' long-term rating and underlying rating (SPUR) on the city's previously issued GO bonds and certificates of obligation. The outlook is stable.

Security and use of proceeds

Grand Prairie's GO bonds tax notes, and certificates of obligation constitute direct obligations of the city, payable from the proceeds of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within its borders.

State statutes limit the ad valorem tax rate for home rule cities to \$2.50 per \$100 of taxable assessed valuation (AV) for all city purposes. The Texas attorney general permits the allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt service. In fiscal 2019, Grand Prairie's total levy is well below the maximum at 67.00 cents per \$100 of AV, 20.63 cents of which is dedicated to debt service. Despite state statutory tax-rate limitations, we do not differentiate between the city's limited-tax debt and its general creditworthiness, since the ad valorem tax is not derived from a measurably narrower tax base and there are no limitations on the fungibility of resources, which supports our view of the city's overall ability and willingness to pay debt service.

The series 2019 notes are additionally secured by a limited pledge of revenues not to exceed \$2,500 that consist of tax increment and hotel occupancy tax revenue. Given the limited nature of the additional pledged revenues, our ratings on these obligations are based on the city's ad valorem tax pledge.

Several of the city's certificates of obligation are additionally secured by a limited pledge of net revenues from the city's water and wastewater system not to exceed \$2,500. Given the limited nature of the additional pledged revenues, our ratings on these obligations are based on the city's ad valorem tax pledge.

The series 2004 certificates are additionally secured by a lien on and pledge of net revenues from the city's municipal airport. We rate to the strength of the ad valorem pledge on these certificates due to the lack of legal covenants in place to assess the strength of the enterprise pledge.

Proceeds from the 2019 GO bonds will refund existing debt for interest savings. Proceeds from the 2019 tax notes will finance the construction of a convention center facility. Proceeds from the 2019A & 2019B certificates will finance the city's Epic Central project. Additionally, the certificates will finance various infrastructure related improvements and the construction of parking, library, fire-fighting and recreation facilities.

Grand Prairie's GO debt is eligible to be rated above the sovereign because we assess the city can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above the Sovereign--Corporate and Government Ratings: Methodology And Assumptions" (published Nov. 19, 2013), U.S. local governments are considered to have moderate sensitivity to country risk. The city's GO pledge is the primary source of security on the debt; this severely limits the possibility of negative sovereign intervention in the payment of the debt or in the city's operations. The institutional framework in the U.S. is predictable for local governments, allowing them significant autonomy, independent treasury management, and no history of government intervention. Grand Prairie has considerable financial flexibility, as demonstrated by its very strong general fund balance as a percentage of expenditures, as well as very strong liquidity.

Credit overview

The long-term rating reflects the city's very strong financial position that is supported by a framework of comprehensive and long-standing financial policies and practices. Strong revenue growth and conservative budgeting have contributed to positive budgetary performance resulting in the maintenance of a very strong reserve and liquidity position that we expect to continue in the medium term. Underlying the city's strong financial performance is a diverse and growing economy that is experiencing an unprecedented period of economic growth tied to its position as an expanding employment center in combination with a housing stock that remains relatively affordable within the Dallas metroplex. This ongoing growth within the city necessitates the continued need for debt to maintain infrastructure and meet increasing service demands; however, we assess the city will continue to issue debt within the guidelines established in its debt policy to ensure that debt issuance remains commensurate with economic growth. While overall economic indicators are below 'AAA' medians, the city's location and participation in a broad and diverse MSA coupled with the stable and growing local economy support the rating.

The rating reflects our assessment of the following credit characteristics:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA) and a local stabilizing institutional influence;
- Very strong management, with strong financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with slight operating surpluses in the general fund and at the total governmental fund level in fiscal 2018;

- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 26% of operating expenditures;
- Very strong liquidity, with total government available cash at 60.7% of total governmental fund expenditures and 4.1x governmental debt service, and access to external liquidity we consider exceptional;
- Weak debt and contingent liability position, with debt service carrying charges at 14.7% of expenditures and net direct debt that is 191.5% of total governmental fund revenue, but rapid amortization, with 66.4% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Strong economy

We consider Grand Prairie's economy strong. The city, with an estimated population of 201,852, is located in Dallas, Ellis, and Tarrant counties in the Dallas-Fort Worth-Arlington MSA, which we consider to be broad and diverse. The city also benefits, in our view, from a stabilizing institutional influence. The city has a projected per capita effective buying income of 78.9% of the national level and per capita market value of \$73,098. Overall, the city's market value grew by 9.1% over the past year to \$14.8 billion in 2019. The weight-averaged unemployment rate of the counties was 3.6% in 2018.

Grand Prairie is centrally located in the broad and diverse Dallas-Arlington-Fort Worth MSA and is strategically positioned along several major thoroughfares, which provide local residents and commuters direct access to employment opportunities within its boundaries and in the greater Dallas-Fort Worth metroplex. The local economy is growing and vibrant due to substantial economic growth and an expanding employer base that is anchored by key industries such as health care, retail and trade, and manufacturing. The city also serves as a regional tourism and entertainment draw due to Lone Star Park racetracks, The Theater at Grand Prairie, and EpicCentral.

We view the underlying economy as stronger than what our metrics represent because of the city's diverse economic base coupled with ongoing developments that stimulate the economy, despite lower-than-average wealth and income levels compared to similarly rated peers. These underlying economic metrics are somewhat suppressed due to a large student population and a number of tax-exempt properties.

The city's property tax base growth has been historically healthy and consists predominantly of residential and commercial parcels, adding a degree of stability to its tax base. Real, residential single-family represents approximately 44% of the city's AV, while real commercial and tangible business combined account for 36%. The city's strong tax base growth is attributed to robust commercial and residential development that city officials anticipate to continue due to an assortment of projects currently in varying stages of development. As a result of ongoing development, the city's tax base growth has averaged 8.5% over the past five years. In aggregate, the city's tax base increased by approximately \$4.9 billion, or 49% since 2014.

Grand Prairie has several economic projects that have been announced, or that are in various stages of development, which are expected to further strengthen and diversify the local economy. Some of the notable developments include Airbus Helicopters Inc. capital investment towards a new training center and is expected to come online in 2020. The city's major multi-use development called EpicCentral is undergoing construction that will add two hotels to the area

as well as several retail and restaurant establishments. Lockheed Martin, one of the city's principal employers recently secured a \$946 million deal related to the production of one of its missile defense systems and expects to hire additional employees to help fulfill its contractual obligations. The city has also been reinvesting in its community with deliberate and effective urban planning and design efforts. With a combination of pay-as-you-go financing from excess revenues, the city has been able to undertake multiple projects to improve the quality of life within the community.

We assess that the city's advantageous location, coupled with the various developments that have been completed or are in the pipeline, will support long-term economic strength and stability.

Very strong management

We view the city's management as very strong, with strong financial policies and practices under our Financial Management Assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Annually during the budget process, the city reviews its comprehensive set of policies and procedures to ensure compliance with each. When developing the budget, the management team employs conservative revenue and expenditure assumptions by incorporating historical trend analysis and adheres to financial discipline by not relying on one-time revenue to fund recurring expenses. Furthermore, officials can amend the budget when appropriate and regularly monitors budget-to-actual trends with monthly reports provided to council. Management performs multiyear financial planning identifying out-year budget gaps to determine revenue and expenditure adjustments to maintain budgetary balance. Furthermore, in conjunction with the annual capital planning process, officials update the five-year capital improvement plan on an annual basis, and the plan identifies sources and uses of funding. The city's debt management policy includes thresholds to monitor leverage, including quantitative measurable parameters and benchmarks. The city has a formalized reserve policy, including a target unassigned general fund balance of 50 to 60 days of operating expenditures. Lastly, the city's formal investment management policy parallels state regulations and calls for quarterly reporting to elected officials.

Strong budgetary performance

Grand Prairie's budgetary performance is strong in our opinion. The city had slight operating surpluses of 1.1% of expenditures in the general fund and of 1.0% across all governmental funds in fiscal 2018. General fund operating results of the city have been stable over the last three years, with a result of negative 0.5% in 2017 and a result of 2.3% in 2016.

In assessing the city's budgetary performance, we have adjusted for recurring transfers out of the general fund. Additionally, we have adjusted for large one-time capital expenditures that were funded with previously deposited bond proceeds. Grand Prairie has historically maintained strong budgetary performance, resulting from a combination of conservative budgeting and strong revenue growth that has resulted in a strong track record operating surpluses. Management monitors the budget regularly throughout the year, and final results are often better than budgeted.

As is common within the scope of its conservative financial practices, the 2018 budget was adopted with the use of \$1.6 million use of fund balance when incorporating other financing sources. However, when comparing final budget to actual, outperformance by both revenues and expenditures of a combined \$13.2 million contributed toward a very strong operating surplus of \$11.5 million. After transfers, the net change in the city's fund balance totaled roughly \$2.4

million. The strong performance is attributed to underestimating revenues largely stemming from healthy sales tax collections, franchise fees, and investment income.

The city has a predominantly locally derived revenue base and has demonstrated a broad and well-embedded culture of fiscal discipline. General fund revenues were predominantly derived from property taxes (45%), sales taxes (23%), and franchise fees (11%). Both property and sales tax revenues have demonstrated stable growth in recent years, and management believes this trend will continue in tandem with taxable value growth.

Grand Prairie's fiscal 2019 adopted budget calls for a net operating deficit of \$3.1 million. However, like similar years, management expects the year-end to yield positive results and add to its available fund balance. Given management's conservative assumptions and the city's history of strong performance, we assess the city's operations will remain at least balanced as ongoing economic expansion drives operating revenue and the city maintains conservative budgeting practices.

Very strong budgetary flexibility

Grand Prairie's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2018 of 26% of operating expenditures, or \$33.3 million.

Grand Prairie has historically maintained very strong reserve levels, in our view, exceeding 25% of adjusted operating expenditures in the most recent three fiscal years. In addition, we assess that, in keeping with its traditionally conservative budgeting practices, the city will likely continue to produce balanced operations annually, and it will make intra-year expenditure and revenue adjustments to outperform the budget at year-end. Additionally, the city often transfers out general fund excess revenues to cash fund one-time capital projects. Management has indicated that it has no plans to materially draw down its general fund balance. We expect budgetary flexibility to remain very strong in the near future, due to the city's ability to budget conservatively, track record of positive variances, and history of routine surpluses.

Very strong liquidity

In our opinion, Grand Prairie's liquidity is very strong, with total government available cash at 60.7% of total governmental fund expenditures and 4.1x governmental debt service in 2018. In our view, the city has exceptional access to external liquidity if necessary.

Grand Prairie, in our opinion, has historically maintained a very strong liquidity position. We believe the city's exceptional access to external liquidity is displayed by its frequent debt issuance of GO bonds, sales tax bonds, and utility revenue bonds in recent years. Although the state allows for, what we view as, permissive investments, we do not believe the city has any aggressive investments, with investments held in US Government securities and in state investment pools.

Currently, the city has two series of privately placed variable rate debt obligations. In total, these obligations represents approximately 16% of operating cash on hand and 5% of total direct GO debt. In our view, we do not view potential rate fluctuations as a liquidity risk given the variable rate demand bond percentage of the city's direct debt and the city's cash on hand.

Weak debt and contingent liability profile

In our view, Grand Prairie's debt and contingent liability profile is weak. Total governmental fund debt service is 14.7% of total governmental fund expenditures, and net direct debt is 191.5% of total governmental fund revenue.

Approximately 66.4% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

Debt supported through the city's enterprise fund has been adjusted in our calculations. The city's total direct debt includes debt secured by sales tax and tax increment financing, which, consistent with our debt statement analysis criteria, we do not consider self-supporting.

Grand Prairie's comprehensive five-year CIP serves as a blueprint to address subsequent growth and development in a prudent manner. The plan totals about \$111.2 million for fiscal years 2020-2024. All projects included in the CIP have identified funding sources that are determined with consideration of the city's financial capacity and formal debt management policy. In addition, the city anticipates debt issuance of roughly \$30 million-\$40 million over the next 12 to 24 months. The city typically issues annually as part of its capital plan and generally amortizes a similar amount. We expect the city's debt burden to remain elevated, as the city will likely issue additional debt to fund growth-related capital needs. However, we assess the city will prudently manage debt issuance relative to its rate of tax-base growth, stay in compliance of its formal debt management policy, and expect medium-debt term plans not to negatively impact the city's overall credit quality.

Given the city's rapid amortization, we anticipate debt service costs will remain manageable as new debt is issued. Depending on the timing of the new debt relative to the current amortization schedule, our opinion of the city's debt and liability profile may change to very weak if its 10-year amortization schedule were to fall below 65%.

Pension and OPEB

Grand Prairie's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 6.5% of total governmental fund expenditures in 2018. Of that amount, 5.5% represented required contributions to pension obligations, and 1.0% represented OPEB payments. The city made its full annual required pension contribution in 2018.

The city contributes to a nontraditional, joint contributory, hybrid defined-benefit pension plan administered by the Texas Municipal Retirement System (TMRS). The city's required pension contribution is its actuarially determined contribution (ADC), which is calculated using the entry age actuarial cost method. The city has historically paid at least 100% of the ADC. In fiscal 2018, it contributed 17.48% of covered payroll, which amounted to \$12.5 million in contributions to the pension system.

Actuarial assumptions include a discount rate of 6.75% and a 28-year closed amortization period. Using updated reporting standards in accordance with Governmental Accounting Standards Board Statement No. 68, the city's net pension liability, measured as of Dec. 31, 2017, was \$50.9 million. The plan's fiduciary net position as a percent of the total pension liability is 90.8%. The city also offers a supplemental death benefit through TMRS. The plan is funded on a pay-as-you-go basis. Benefit contributions are actuarially determined and the city has fully funded these costs in recent years. As of the Dec. 31, 2017 measurement date, the total OPEB liability was \$3.6 million. In addition to the TMRS OPEB, the city also offers continuing health care benefits to retirees until they achieve Medicare eligibility.

While Grand Prairie does not explicitly contribute to retiree health premiums, the OPEB liability reflects the cumulative cost of the implicit subsidy of these benefits. The total OPEB liability for retiree health care was \$55.8 million as of the Dec. 31, 2017 measurement date. Overall, we do not anticipate pension and OPEB costs to create any budgetary pressure over the next two years.

Strong institutional framework

The institutional framework score for Texas municipalities is strong.

Outlook

The stable outlook reflects our opinion of Grand Prairie's consistent financial performance and expanding local economy, supported by very strong management. We do not expect to change the rating during the next two years because we assess that the city will likely maintain very strong reserves and strong budgetary performance and continue to benefit from participation in the broad and diverse Dallas-Fort Worth MSA.

Downside scenario

Although unlikely, we could lower the rating if the city's financial management policies weaken or budgetary performance materially deteriorates, causing reserves to drop to levels no longer comparable with similarly rated peers. In addition, if the city's debt profile were to significantly increase, adding material stress to its budgetary performance, we could lower the rating.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Incorporating GASB 67 And 68: Evaluating Pension/OPEB Obligations Under Standard & Poor's U.S. Local Government GO Criteria, Sept. 2, 2015

Ratings Detail (As Of July 25, 2019)

Grand Prairie comb tax and rev certs of oblig ser 2011A dtd 11/01/2011 due 02/15/2013-2031		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie comb tax and rev certs of oblig ser 2011 dtd 02/01/2011 due 02/15/2012-2031		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie comb tax and rev certs of oblig ser 2013A dtd 11/01/2013 due 02/15/2034		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie comb tax and rev certs of oblig ser 2013 dtd 04/01/2013 due 02/15/2014-2033		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie comb tax and rev certs of oblig ser 2014 dtd 11/15/2014 due 02/15/2034		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie comb tax & rev certs of oblig ser 2010 dtd 02/01/2010 due 02/15/2011-2019 2025 2030		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Ratings Detail (As Of July 25, 2019) (cont.)

Grand Prairie GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed
Grand Prairie GO		
<i>Long Term Rating</i>	AAA/Stable	Affirmed

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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Fitch Ratings

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July 29, 2019

Ms. Becky Brooks
Chief Financial Officer
Grand Prairie
317 College Street
Grand Prairie, TX 75050

Dear Ms. Brooks:

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Daniel Champeau
Managing Director
U.S. Public Finance

DCC/em

Enc: Notice of Rating Action
(Doc ID:212700 Rev 0)

Notice of Rating Action

<u>Bond Description</u>	<u>Rating Type</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Outlook/ Watch</u>	<u>Eff Date</u>	<u>Notes</u>
Grand Prairie (TX) sales tax rev bonds (taxable) ser 2015	Long Term Rating	Upgrade	AA+	RO:Sta	26-Jul-2019	
Grand Prairie (TX) sales tax rev bonds (taxable) ser 2015	Unenhanced Long Term Rating	Upgrade	AA+	RO:Sta	26-Jul-2019	
Grand Prairie (TX) combination tax & rev tax notes (taxable) ser 2019	Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) combination tax & rev tax notes (taxable) ser 2019	Unenhanced Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) GO rfdg bonds ser 2019	Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) GO rfdg bonds ser 2019	Unenhanced Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) combination tax & rev ctfs of oblig (taxable) ser 2019B	Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) combination tax & rev ctfs of oblig (taxable) ser 2019B	Unenhanced Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) combination tax & rev ctfs of oblig ser 2019A	Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	
Grand Prairie (TX) combination tax & rev ctfs of oblig ser 2019A	Unenhanced Long Term Rating	New Rating	AA+	RO:Pos	26-Jul-2019	

Key: RO: Rating Outlook, RW: Rating Watch, Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

Grand Prairie, Texas

New Issue Report

Ratings

Long Term Issuer Default Rating AA+

New Issues

\$35,800,000 Combination Tax & Revenue Certificates of Obligation, Series 2019A AA+
 \$7,135,000 Combination Tax & Revenue Tax Notes, Taxable Series 2019 AA+
 \$20,005,000 General Obligation Refunding Bonds, Series 2019 AA+
 \$34,460,000 Combination Tax & Revenue Certificates of Obligation, Taxable Series 2019B AA+

Outstanding Debt

Combination Tax & Revenue Certificates of Obligation AA+
 General Obligation Bonds AA+
 Sales Tax Revenue Bonds AA+
 Taxable Sales Tax Revenue Bonds¹ AA+

¹Upgraded from 'AA' on July 26, 2019

Rating Outlook

Positive*

*Reflects the Rating Outlook on the IDR and limited tax GO and CO bonds. The Rating Outlook on the Sales Tax Bonds is Stable.

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New Issue Summary

Sale Date: Aug. 8 via negotiation.

Series: \$35,800,000 Combination Tax & Revenue Certificates of Obligation, Series 2019A;
 \$7,135,000 Combination Tax & Revenue Tax Notes, Taxable Series 2019;
 \$20,005,000 General Obligation Refunding Bonds, Series 2019;
 \$34,460,000 Combination Tax & Revenue Certificates of Obligation, Taxable Series 2019B

Purpose: Tax-exempt bond proceeds will be used for various public improvements, such as streets, fire and municipal facilities and to refund outstanding debt for interest cost savings while taxable bond proceeds will be used to fund certain Epic Central Park infrastructure and economic development projects.

Security: The taxable 2019 tax notes, 2019 GO refunding bonds, and 2019A and taxable 2019B COs are payable by a pledge of ad valorem taxes, limited to \$2.50 per \$100 taxable assessed valuation (TAV). The 2019A and taxable series 2019B COs are further secured by a limited, de minimus pledge (\$2,500) of the net revenues of the city's water and wastewater system.

The 'AA+' IDR and limited tax ratings are underpinned by Fitch's expectation of the highest level of operating flexibility and anticipated financial resilience to be maintained throughout the economic cycle, enabled by solid expenditure flexibility. Fitch believes general fund revenue growth prospects remain strong; the revenue framework is augmented by the city's ample revenue-raising capacity. Fitch expects the long-term liability burden to remain moderate as regional capital and debt needs should remain balanced against further population and income gains.

The Positive Outlook reflects the city's strong position as a key participant in the broad and diverse Dallas-Fort Worth MSA economy. The steady trend of public and private capital investment in Grand Prairie has accelerated in recent years due in part to expanded or improved highway access. Fitch expects further economic development underway or planned throughout all sectors will be sustained by a solidly growing population base and income levels. Fitch's expectation for continued strong growth trends in the city's economy, in tangent with expectations for future debt issuance, informs the Positive Outlook.

Economic Resource Base: Grand Prairie is located in the center of the broad Dallas-Fort Worth (DFW) metropolitan statistical area (MSA) economy, just south of the DFW International Airport. The city's employment base is relatively diverse and population growth since 2010 has been solid, unlike many other Dallas inner-ring cities. Residents totaled about 195,000 in 2018.

Key Rating Drivers

Revenue Framework: 'aaa'

Revenue gains have consistently kept pace with or exceeded U.S. GDP, due in part to solid sales tax growth. Fitch expects this strong pace will be sustained given the likelihood of further population growth and economic expansion. The city's independent legal ability to raise property tax revenues, fees, charges for services, and other locally controlled revenues provide ample flexibility.

Expenditure Framework: 'aa'

Fitch expects city expenditures will increase at a pace equal to or slightly above the city's strong revenue gains. Solid expenditure flexibility is evidenced by the city's prudent budgeting

Rating History (IDR and LTGO bonds)

Rating	Action	Outlook/ Watch	Date
AA+	Affirmed	Positive	7/26/19
AA+	Affirmed	Positive	10/22/18
AA+	Affirmed	Stable	10/24/16
AA+	Affirmed	Stable	3/8/13
AA+	Revised	Stable	4/30/10
AA	Affirmed	Stable	1/28/10
AA	Affirmed	Positive	10/30/08
AA	Affirmed	Stable	3/07/03
AA	Assigned	---	11/05/98

practices and ability to adjust its labor costs if needed. Moderate to moderately high carrying costs reflect a rapid amortization of property tax-supported direct debt.

Long-Term Liability Burden: 'aa'

The long-term liability burden is moderate at just under 15% of resident personal income. Fitch believes continued economic and population growth should keep the burden in line with the 'aa' assessment. The rapid pace of direct debt amortization should accommodate planned future borrowings.

Operating Performance: 'aaa'

Fitch expects the city will maintain the highest level of financial resilience in a moderate economic decline given its ample revenue-raising ability respective to its low historical revenue volatility, solid expenditure control, and a strong and stable reserve cushion. Budget management is strong with no material deferral of required spending.

Rating Sensitivities

Shift In Fundamentals: The 'AA+' IDR and limited tax bond ratings are sensitive to material change in the city's robust and diverse economic base, strong revenue framework, solid expenditure flexibility, and moderate liability position. The Positive Outlook reflects Fitch's expectation that despite the area's future debt and capital needs, further strong population, income, and economic gains will likely help to moderate the current liability burden of this largely built-out city.

Credit Profile

Grand Prairie's economy continues to grow with further sector development in defense manufacturing, aerospace, and manufacturing/distribution, complemented by an expanding multi-family residential, retail/commercial, and entertainment presence. Prominent employers within the city include Lockheed/Martin, Airbus Helicopters, and Bell Helicopter-Textron. The city has also recently attracted some of the top (Tier One) suppliers to the nearby General Motors assembly plant. The city's economy is buoyed by easy access to major air and ground transportation routes. Unemployment remained low year-over-year at 2.9% in May 2019, slightly below state and national averages.

The city has historically realized moderate annual TAV growth given its central location in a strong regional economy. About half of the city's tax base is residential with minimal taxpayer concentration. Commercial/ industrial development (such as distribution and warehousing), and restaurant/retail/commercial expansion continues to be substantial along recently expanded highway connections or newly accessible corridors (particularly the President George Bush Turnpike) given a growing population base, and it has been a key element of a strengthened TAV trend.

TAV has expanded at a robust pace of between 9%-11% annually since fiscal 2017, and the roughly \$14.8 billion tax base in fiscal 2019 is projected to grow by a comparable level in fiscal 2020. The Dec. 2017 opening of the second IKEA store for the Dallas-Fort Worth MSA in Grand Prairie, as well as a large indoor/outdoor waterpark in the city's Central Park ("Epic Waters") that opened in Jan. 2018, contributed to TAV growth and boosted sales tax revenues. Living Spaces, another sizeable home furnishings retail store, opened May 2019.

Fitch believes continuing economic development and tax base growth is likely, which should result in additional population, job, and income gains. Further high-end, multi-family developments are expected to come online, and in addition to the slower but steady

Related Research

Fitch Rates Grand Prairie, Texas' IDR, Series 2019 GO Rfdg, Tax Notes, & COs 'AA+'; Outlook Positive (July 2019)

Fitch Affirms Grand Prairie, Texas' Water and Wastewater Revs at 'AAA', Outlook Stable (Oct. 2018)

Related Criteria

U.S. Public Finance Tax-Supported Rating Criteria (April 2018)

development of the city's southern sector around Joe Pool Lake, the city's housing market should continue to expand and diversify.

Revenue Framework

Property and sales taxes (from a 1% sales tax levy) are the leading sources of general fund revenue at approximately 45% and 23%, respectively, in fiscal 2018.

Revenue growth continued to outpace U.S GDP over the 10-year period of fiscal 2008 to 2018. Fitch believes strong historical revenue performance will be sustained without rate increases given the likelihood of further population and economic expansion that is a result of the city's integral position in the DFW metroplex and its own economic base, as well as the ability of city property and sales taxes to capture that growth.

Grand Prairie's total tax rate of approximately \$0.67 per \$100 of TAV in fiscal 2019 provides ample capacity below the statutory cap of \$2.50. However, the recently enacted Texas Senate Bill 2 (SB2) makes a number of changes to local governments' property tax rate setting process. Most notably, SB2 will reduce the rollback tax rate (now the 'voter approval tax rate') from 8% to 3.5% for most local taxing units, starting with the fiscal 2021 budget, and require a ratification election (replacing the current petition process) if any local taxing unit exceeds its voter approval rate.

The tax rate limitation in SB2 excludes new additions to tax rolls and allows for banking of unused margin for up to three years. Remaining control over other local revenues such as fines, fees, and charges for services is sufficient to generate still ample revenue-raising flexibility relative to Fitch's assessment of expected modest revenue volatility in a typical downturn. The revenue cap does not apply to debt service tax levies.

Expenditure Framework

Most of the city's operating resources are spent on public safety (about 68% of fiscal 2018 general fund spending), which Fitch expects to increase at a pace in line with or slightly above that of the city's strong revenue growth, as operational costs are fueled by continued growth in residents and businesses. The city does not face significant spending pressures given it is about 75% built out and has a history of moderate, steady investments in personnel and capital.

Expenditure flexibility is aided by the city's lack of contracts with any of its personnel. Management maintains strong legal control of labor costs and headcount. Spending adjustments during the last recession included a combination of salary and position reductions/freezes in addition to deferral of annual pay-go capital spending.

The fixed cost burden is moderately high, with carrying costs for debt, pensions and OPEB equal to about 16% of governmental spending in fiscal 2018. The fixed cost burden incorporates the city's policy-determined, rapid pace of principal amortization (about 67% retired in 10 years). Fitch expects carrying costs will increase somewhat, but will remain moderate to moderately high as budget expansion should offset some of the increase.

Long-Term Liability Burden

The long-term liability burden is moderate at approximately 15% of resident personal income. Fitch expects this burden, largely attributable to local governments' overlapping debt (at about 56%), will increase over time, although further, strong economic and population growth could lower the burden while remaining in line with the 'aa' assessment. Also supporting Fitch's expectation of a manageable burden is the city's flexible, multi-year capital improvement plan, history of steady capital investment, and rapid direct debt amortization.

The majority of city employees participate in the Texas Municipal Retirement System (TMRS), a statewide, agent multiple-employer defined benefit plan. Under GASB 67 and 68, the city reports a fiscal 2018 net pension liability (NPL) of about \$51 million, with fiduciary assets covering approximately 91% of total pension liabilities. Adjusting for Fitch's lower standard 6% investment return assumption, the NPL for the plan totaled about \$109 million with fiduciary assets covering about 82% of total estimated pension liabilities.

Operating Performance

The city has maintained a strong and stable financial cushion despite prior pressures in the last recession and retains ample revenue-raising and solid expenditure flexibility to manage well through the economic cycle. For details, see Scenario Analysis, page 7.

Modest fund-balance declines in recent fiscal years reflect continued general fund transfers for capital and other non-recurring expenditures. Management considers unassigned fund balance in excess of the city's formal policy floor of 50-60 days of expenditures (15%) as available for non-recurring budget items. The city's financial position remained strong and stable; a modest \$2.4 million net operating surplus (about 2% of spending) in fiscal 2018 improved unrestricted reserves slightly to about \$33 million or about 25% of spending at year-end.

Operating revenue performance year-to-date in fiscal 2019 has moderately exceeded budget, in particular sales taxes that grew about 6% over 2018 actuals, and spending has largely stayed in line, which is projected to result in a modest, net general fund surplus of \$2 million-\$3 million for fiscal 2019 according to city management. Fitch expects the city will continue to maintain the highest level of financial resilience based on historical fiscal performance.

Dedicated Tax Analytical Conclusion

The upgrade to 'AA+' from 'AA' of the outstanding pledged sales tax revenue Central Park Venue project bonds reflects Fitch's enhanced consideration of the structure's improving resiliency that is likely to continue given strong sales tax revenue growth prospects.

Both 'AA+' pledged sales tax revenue bond ratings (including the 'AA+' rating on the city's outstanding pledged sales tax revenue Park & Recreation Venue project bonds) reflect the very strong resiliency of their respective structures through a typical economic cycle and as compared to the worst historical performance. Fitch anticipates strong growth prospects of the pledged revenues and limited plans for additional leveraging.

The dedicated taxes pledged to the bonds do not meet the requirements set out in Fitch criteria for treatment as "pledged special revenue" under section 902(2) of the bankruptcy code and are not otherwise insulated from the operating risk of Grand Prairie. Therefore, the rating of the debt is capped at the IDR.

Dedicated Tax Key Rating Drivers

Strong Growth Prospects For Pledged Revenues: Fitch believes the natural pace of future pledged revenue growth is likely to be strong, in line with historical performance and a 'aaa' assessment. Underpinning this assumption is the likelihood of continued population growth in the city, higher than average discretionary income of residents as measured by median household income, increased visitor traffic, and further investment occurring across all sectors.

Resilience of Security: Pledged revenues are highly resilient and provide a strong coverage cushion against potential revenue declines in a moderate economic downturn. Fitch assumes

pledged revenues for the outstanding Park & Recreation Venue project sales tax bonds will not be leveraged down to the 1.25x ABT, but that coverage will be maintained at a higher minimum threshold of no less than 1.5 times all-in MADS, in line with the city's established internal financial policy. City management presently has no plans to further leverage either of the pledged 0.25% sales tax revenue streams.

Dedicated Tax Rating Sensitivity

Leverage a Key Factor: The pledged sales tax revenue bond ratings of 'AA+' assume each structure's resilience will remain at or near current levels. Although not anticipated, material increase in leverage or declines in pledged revenues that diminish the coverage cushion outside of Fitch's expectations after discussion with city management would likely result in downward rating action

Credit Profile

Pledged revenue growth has been strong over the last 10 years at an average annual growth rate (CAGR) of about 4% between fiscal 2008 and fiscal 2018. Fiscal 2018 pledged revenues of roughly \$8.2 million reflected a gain of about 7% year-over-year. The dedicated sales tax revenue stream is levied on the diverse and expanding base of taxable sales activity city-wide. Fitch believes natural pledged revenue growth prospects remain strong. This assumption is supported by the likelihood of continued population growth in the city, higher than average discretionary income as measured by median household income, increased visitor traffic, and further investment occurring across all sectors.

To evaluate the sensitivity of pledged revenues to cyclical declines, Fitch considers both the revenue sensitivity results provided by FAST and the largest historical cumulative decline in pledged revenues. Based on the pledged revenue history, FAST generates a low 1% decline in pledged revenues during the first year of a moderate recession (-1% GDP decline scenario). The largest, actual cumulative pledged revenue decline during this period was a two-year decline during the last recession of 6.4% over fiscals 2009-2010.

Parks And Recreation Venue Project Bonds: Fitch assumes pledged revenues for these outstanding sales tax bonds will not be leveraged down to the 1.25x ABT, but that coverage will be maintained at a higher minimum threshold of no less than 1.5 times all-in MADS, in line with the city's established internal financial policy. Under this assumption, a significant revenue decline of 33% would still allow for payment of debt service; this cushion is strong at 33x the 1% revenue decline produced by FAST in a 1% GDP decline scenario and 5.2x the largest cumulative revenue decline, which Fitch views as consistent with an 'aaa' resilience assessment.

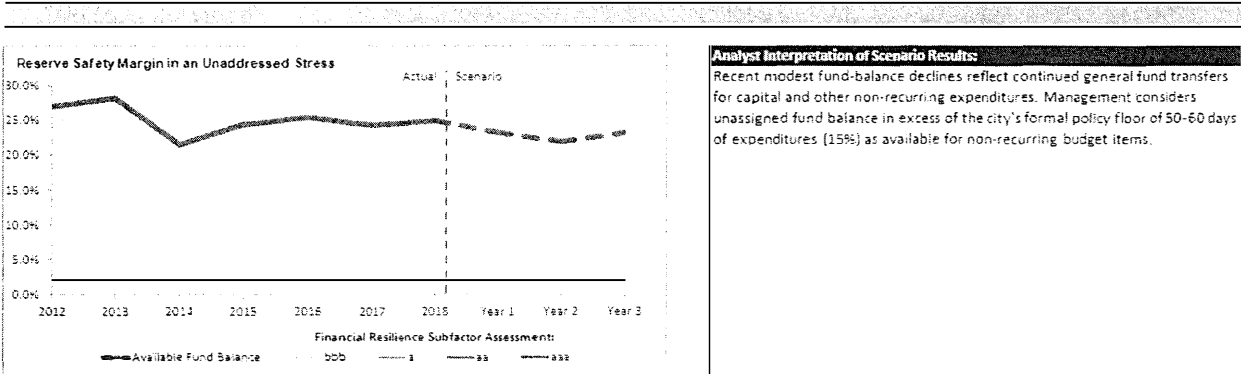
City management currently has no plans to further leverage pledged revenues. Residual revenues after payment of Parks and Recreation Venue debt service can fund general purpose park/recreation needs at the end of the flow of funds; park venue operations are distinct from the general fund.

Central Park Venue Project Bonds: The outstanding Central Park Venue project bonds do not carry an ABT as voters formally approved a debt cap of \$75 million for the dedicated 0.25% sales tax revenue, which has been reached. Management does not expect to re-approach voters for further leverage capacity. Residual sales tax revenues after payment of debt service for the city's Central Park bonds remain in a closed loop to fund its associated operational and capital needs.

Fitch estimates the structure could withstand a 33% drop in sales tax revenues before MADS coverage reaches 1.5x (current coverage from fiscal 2018 pledged revenues). The 33% decline is equivalent to 33x the FAST scenario results and 5.2x the largest actual revenue decline in the review period.

Grand Prairie (TX)

Scenario Analysis



Scenario Parameters:

	Year 1	Year 2	Year 3
GDP Assumption (% Change)	(1.0%)	0.5%	2.0%
Expenditure Assumption (% Change)	2.0%	2.0%	2.0%
Revenue Output (% Change)	(1.0%)	2.3%	4.6%
Inherent Budget Flexibility	Superior		

Revenues, Expenditures, and Fund Balance	Actuals							Scenario Output		
	2012	2013	2014	2015	2016	2017	2018	Year 1	Year 2	Year 3
Total Revenues	98,197	102,322	106,220	114,115	122,518	126,720	134,913	133,564	136,670	142,998
% Change in Revenues	-	4.2%	3.8%	7.4%	7.4%	3.4%	6.5%	(1.0%)	2.3%	4.6%
Total Expenditures	86,814	90,270	98,121	103,001	108,082	116,161	123,412	125,880	128,397	130,965
% Change in Expenditures	-	4.0%	8.7%	5.0%	4.9%	7.5%	6.2%	2.0%	2.0%	2.0%
Transfers In and Other Sources	2,511	584	1,112	715	633	937	1,003	993	1,016	1,064
Transfers Out and Other Uses	16,574	11,733	13,913	8,832	11,805	11,161	10,106	10,308	10,514	10,723
Net Transfers	(14,063)	(11,149)	(12,801)	(8,118)	(11,173)	(10,224)	(9,103)	(9,315)	(9,498)	(9,661)
Bond Proceeds and Other One-Time Uses	-	-	-	-	-	-	-	-	-	-
Net Operating Surplus(+)/Deficit(-) After Transfers	(2,680)	908	(4,702)	2,996	3,263	335	2,398	(1,631)	(1,225)	2,372
Net Operating Surplus(+)/Deficit(-) (% of Expend. and Transfers Out)	(2.6%)	0.9%	(4.2%)	2.7%	2.7%	0.3%	1.8%	(1.2%)	(0.9%)	1.7%
Unrestricted/Unreserved Fund Balance (General Fund)	27,913	28,813	24,099	27,317	30,512	30,919	33,276	31,645	30,420	32,791
Other Available Funds (GF + Non-GF)	-	-	-	-	-	-	-	-	-	-
Combined Available Funds Balance (GF + Other Available Funds)	27,913	28,813	24,099	27,317	30,512	30,919	33,276	31,645	30,420	32,791
Combined Available Fund Bal. (% of Expend. and Transfers Out)	27.0%	28.2%	21.5%	24.4%	25.5%	24.3%	24.9%	23.2%	21.9%	23.1%
Reserve Safety Margins	Inherent Budget Flexibility									
	Minimal	Limited	Midrange	High	Superior					
Reserve Safety Margin (aaa)	16.0%	8.0%	5.0%	3.0%	2.0%					
Reserve Safety Margin (aa)	12.0%	6.0%	4.0%	2.5%	2.0%					
Reserve Safety Margin (a)	8.0%	4.0%	2.5%	2.0%	2.0%					
Reserve Safety Margin (bbb)	3.0%	2.0%	2.0%	2.0%	2.0%					

Notes: Scenario analysis represents an unaddressed stress on issuer finances. Fitch's downturn scenario assumes a -1.0% GDP decline in the first year, followed by 0.5% and 2.0% GDP growth in Years 2 and 3, respectively. Expenditures are assumed to grow at a 2.0% rate of inflation. Inherent budget flexibility is the analyst's assessment of the issuer's ability to deal with fiscal stress through tax and spending policy choices, and determines the multiples used to calculate the reserve safety margin. For further details, please see Fitch's US Tax-Supported Rating Criteria.

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The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

City of Grand Prairie, Texas

(Name of Issuer and Co-Issuer(s), if applicable)

July 3, 2019

(Date)

The Depository Trust Company
18301 Bermuda Green Drive
Tampa, FL 33647
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~incorporated~~ [formed under the laws of] the State of Texas

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Grand Prairie, Texas

(Issuer)

By: 

(Authorized Officer's Signature)

Tom Har , City Manager

(Print Name)

317 West College

(Street Address)

Grand Prairie, Texas USA 75050

(City) (State) (Country) (Zip Code)

972-237-8000

(Phone Number)

thart@GPTX.org

(E-mail)

DTCC

Address)

BLOR 06-2013

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

SCHEDULE A
(To Blanket Issuer Letter of Representations)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.